

FORM APPROVED COUNTY COUNSEL 10/23/14
 BY: GREGORY P. PRAMOS DATE

**SUBMITTAL TO THE BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

131



FROM: Economic Development Agency

SUBMITTAL DATE:
 October 23, 2014

SUBJECT: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm that the environmental effects of the Loan Agreement for the use of the Home Funds for the Home Front at Camp Anza Apartments (Project) will not have a significant effect on the environment. Any potential significant effects of the Project have been adequately analyzed and addressed in the City of Riverside's Initial Study/Mitigated Negative Declaration (MND) and the Mitigation Monitoring and Reporting Program (MMRP) that was considered by the County of Riverside Board of Supervisors, acting as a Responsible Agency, on May 20, 2014 pursuant to the California Environmental Quality Act (CEQA). No substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental documentation;

(Continued)

Robert Field

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 500,000	\$ 0	\$ 500,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: HOME Investment Partnerships Act Funds 100%	Budget Adjustment: No
	For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY: *Rohini Dasika*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone and Ashley
 Nays: None
 Absent: Benoit
 Date: November 4, 2014
 xc: EDA, Recorder

Kecia Harper-Ihem
 Clerk of the Board
 By: *Kecia Harper-Ihem*
 Deputy

- A-30
- Positions Added
- 4/5 Vote
- Change Order

3-11

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

DATE: October 23, 2014

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

2. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on May 20, 2014 for the Project concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58;
3. Approve the attached Loan Agreement for the Use of HOME Funds (Loan Agreement), including all attachments thereto, between the County of Riverside and Camp Anza, L.P., a California limited partnership, providing a loan derived from the HOME Investment Partnerships Program in an amount up to \$500,000 (HOME Loan), to be used for for the development of a multi-family affordable rental housing project in the City of Riverside;
4. Approve the attached HOME Loan Deed of Trust, HOME Loan Promissory Note and Covenant Agreement;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of U.S. Bank National Association securing a construction loan for the project in an amount up to \$8,000,000, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the Housing Authority of the City of Riverside securing a loan for the project in an amount up to \$2,266,260, subject to approval by County Counsel;
8. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the City of Riverside securing a loan for the project in an amount up to \$632,732, subject to approval by County Counsel;
9. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, HOME Loan Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
10. Direct the Clerk of the Board to file a Notice of Determination with the County Clerk within five (5) days of the approval of the loan agreement.

BACKGROUND:

Summary

(Commences on Page 3)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

DATE: October 23, 2014

PAGE: 3 of 4

BACKGROUND:

Summary

On June 17, 2014, the Board of Supervisors approved Resolution No. 2014-104 (i) committing up to \$500,000 in funds (HOME Loan) derived from the federal HOME Investment Partnerships Program (HOME Program) subject to the satisfaction of certain conditions contained therein, and (ii) supporting the submission of a low income housing tax credit application by Camp Anza, L.P., a California limited partnership, (Camp Anza) to the California Tax Credit Allocation Committee (CTCAC) for the Home Front at Camp Anza development, a 30-unit multi-family affordable rental housing complex located in the City of Riverside (Project). The Project was awarded tax credits by CTCAC and staff recommends that the Board approve the attached proposed Loan Agreement for Use of HOME Funds (HOME Loan Agreement) between the County of Riverside (County) and Camp Anza to formalize the County's funding contribution of the HOME Loan to the Project since all of the conditions to funding set forth in Resolution No. 2014-104 have been satisfied.

The proposed Project is located north on Philbin Avenue, between Picker and Wholstetter Streets, at 5797 Picker Street in the City of Riverside, Assessor Parcel Number 151-123-015. The proposed Project will consist of 15 two-bedroom units, and 15 three-bedroom units. The two-bedroom units are approximately 776 square-feet and the three-bedroom units range in size from 1,054 to 1,151 square-feet. One two-bedroom unit will be set aside for a resident manager. The apartment units will be rented to and occupied by qualified low-income and very low-income households (no greater than 50% AMI), with a preference for veterans and their families. The proposed HOME Loan Agreement restricts the affordability of 5 units within the Project for a period of no less than 55 years. The proposed Covenant Agreement, attached hereto, shall memorialize the aforementioned affordability restrictions and shall run with the land. The remaining units within the proposed Project shall be subject to affordability rent and occupancy restrictions pursuant to regulatory agreements required by CTCAC and the other lenders to the Project, guarantying the continued affordability of each unit within the proposed Project. The proposed Project will provide the veteran(s) and their families with a variety of supportive services designed to ease the transition back into civilian life.

All the conditions precedent to funding the HOME Loan by the County set forth in Resolution No. 2014-014 have been satisfied and staff is recommending approval of the \$500,000 HOME Loan to Camp Anza. The estimated total cost for the proposed Project is \$14,408,191. In addition to the HOME Loan, additional sources of funding will include a \$2,266,260 loan from the Housing Authority of the City of Riverside (City Housing Authority), a \$632,732 HOME loan from the City of Riverside, \$233,079 in waived development impact fees from the City of Riverside, a land and building donation by the Housing Authority of the City of Riverside with an appraised value of \$1,100,000, and \$9,676,120 in limited partner tax credit equity contributions.

The City Housing Authority, City of Riverside, and the construction lender, U.S. Bank National Association (collectively, Senior Lenders) each require, as a condition precedent to the funding of their respective loans, that the County HOME Loan is subordinated to their respective liens. Subordination of the County HOME Loan is necessary since an economically feasible alternative method of financing the project on comparable terms is not available without subordination. As a result of such subordinations, the County's HOME Loan will be in a fourth priority lien position junior to the loans from the Senior Lenders. All subordination agreements shall be approved as to form by County Counsel.

As the appropriate Responsible Agency, the Riverside County Board of Supervisors considered the Lead Agency's Mitigated Negative Declaration (MND) associated with Environmental Assessment for the Home Front Camp Anza project on May 20, 2014 (EA) and adopted CEQA Findings and the Mitigation Monitoring and Reporting Program (MMRP).

(Continued)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME Funds for the Home Front at Camp Anza Affordable Rental Housing Project in the City of Riverside Between the County of Riverside and Camp Anza, L.P., District 1/District 1, [\$500,000], HOME Investment Partnerships Act Funds 100%, Finding of No Further CEQA Required and Affirming Finding of No Significant Impact

DATE: October 23, 2014

PAGE: 4 of 4

BACKGROUND:

Summary (Continued)

The County, as a Responsible Agency for purposes of CEQA, is now considering the proposed HOME Loan Agreement that was also analyzed in the previously certified MND and EA. The County has considered the MND and associated environmental assessment which analyzed the Project. No new information has become known since the adoption of the MND and the proposed HOME Loan Agreement falls within the scope of the analysis. Further, no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred. Therefore, no new environmental documentation is required for the proposed HOME Loan Agreement. In addition, on May 20, 2014, the Board of Supervisors adopted a Finding of No Significant Impact (FONSI) for the Project and concluded that the Project is not an action which may affect the quality of the environment. The County has considered the FONSI which analyzed the Project. No new information has become known since the adoption of the FONSI and the proposed HOME Loan Agreement and no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred. Therefore, no new environmental documentation is required for the proposed HOME Loan Agreement pursuant to NEPA.

The Project activity was included in the 2013/2014 One-Year Action Plan on June 17, 2014.

County Counsel has reviewed and approved the attached Loan Agreement for Use of HOME Funds, Deed of Trust, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board of Supervisors approve the Loan Agreement, Promissory Note, Deed of Trust and Covenant Agreement.

Impact on Citizens and Businesses

(Commences on Page 4)

Impact on Citizens and Businesses

Approving this item will have a positive impact on the citizens and businesses of the County. The proposed Project is expected to generate construction, permanent maintenance and property management jobs, and provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with HOME Investment Partnerships Act funds from the U.S. Department of Housing and Urban Development.

Attachments:

A-Loan Agreement for Use of HOME funds

B-Deed of Trust

C-Promissory Note

D-Covenant Agreement

E-Resolution No. 2014-104



131

Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

11/4/14
Date

kb
initial

Notice of Determination

To:
 Office of Planning and Research
 For U.S. Mail: Street Address: 1400 Tenth St. Sacramento, CA 95812-3044
 P.O. Box 3044 Sacramento, CA 95812-3044

From:
 Public Agency: County of Riverside
 Address: Economic Development Agency
 5555 Arlington Avenue
 Riverside, CA 92504
 Contact: Juan Garcia
 Phone: (951) 343-5473

County Clerk
 County of: Riverside
 2724 Gateway Drive
 P.O. Box 751
 Address: Riverside, CA 92502-0751

Lead Agency (if different from above):
 Address: _____
 Contact: _____
 Phone: _____

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: Home Front at Camp Anza

Project Location (include county): County of Riverside-Assessor Parcel Numbers 151-123-005; -006; -007; -008; and -013

Project Description: The County of Riverside Economic Development Agency (EDA) will be providing federal HOME Investment Partnerships Act Funds for the development and construction of a 30-unit apartment complex and rehabilitation of the historic Camp Anza Officer's Club building. The project will be affordable for a period of 55 years from the recordation of the notice of completion

The potential environmental effects of the housing complex, including the project, were fully studied in the Environmental Initial Study and Mitigated Negative Declaration (P13-0198-0199-0200-0201), which was prepared by the City of Riverside Community Development Department Planning Division. On May 20, 2014, the County of Riverside Board of Supervisors adopted the Environmental Initial Study and Mitigated Negative Declaration prepared by the City of Riverside.

Pursuant to CEQA Guidelines section 15096(f) the EDA, as a Responsible Agency, complies with CEQA by considering the environmental effects of the project as shown in P13-0198-0199-0200-0201. The EDA has received and considered P13-0198-0199-0200-0201. The project will not result in any new significant environmental effects not identified in P13-0198-0199-0200-0201, nor will it substantially increase the severity of the environmental effects identified in P13-0198-0199-0200-0201. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Project Sponsor: Jurupa Valley Mission Village, Limited Partnership

This is to advise that the County of Riverside Board of Supervisors approved the above project on

Lead agency or Responsible Agency

November 04, 2014 and has made the following determinations regarding the above described project:

(tentative date)

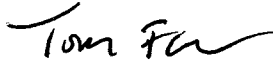
NOV 04 2014 3-11

1. The County of Riverside Economic Development Agency considered the Environmental Initial Study and Mitigated Negative Declaration (P13-0198-0199-0200-0201) as prepared and adopted by the City of Riverside.
2. The project will not have a significant effect on the environment.

The Mitigated Negative Declaration is available to the General Public at:

County of Riverside Economic Development
Agency
5555 Arlington Avenue
Riverside, CA 92504

Signature: (Public Agency)



Title:

Tom Fan, Principal Development
Specialist, Housing Authority of
the County of Riverside

Date:

11/4/14

Date received for filing at OPR:

STATE OF CALIFORNIA - THE RESOURCES AGENCY
DEPARTMENT OF FISH AND GAME
ENVIRONMENTAL FILING FEE CASH RECEIPT

Receipt #: 201300777

State Clearinghouse # (if applicable): _____

Lead Agency: CITY OF RIVERSIDE Date: 12/17/2013

County Agency of Filing: Riverside Document No: 201300777

Project Title: P13-0198, P13-0199, P13-0200 AND P13-0201

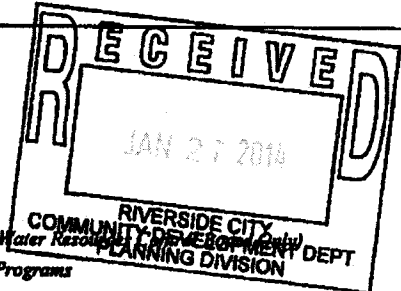
Project Applicant Name: DAVID HETHERINGTON OF WAKELAND HOUSING AND Phone Number: 619-235-2296

Project Applicant Address: 1230 COLUMBIA STREET, SUITE 950 SAN DIEGO, CA 92101

Project Applicant: Private Entity

CHECK APPLICABLE FEES:

- Environmental Impact Report
- Negative Declaration
- Application Fee Water Diversion (State Water Resources Control Board)
- Project Subject to Certified Regulatory Programs
- County Administration Fee
 - Project that is exempt from fees (DFG No Effect Determination (Form Attached))
 - Project that is exempt from fees (Notice of Exemption)



	<u>2156.25</u>
	<u>\$50.00</u>
Total Received	<u>2206.25</u>

Signature and title of person receiving payment: B. K. Hennemer

Notes:



City of Arts & Innovation

COMMUNITY DEVELOPMENT DEPARTMENT Planning Division

Notice of Determination

To: County of Riverside
 County Clerk & Recorder
 P.O. Box 751
 2720 Gateway Drive
 Riverside, Ca 92501-0751
 (951) 486-7405

Office of Planning & Research
 P.O. Box 3044,
 1400 Tenth Street, Room 222
 Sacramento, Ca 95812-3044

From: City of Riverside
 Community Development
 Department Planning Division
 3900 Main Street, 3rd floor
 Riverside, CA 92522
 (951) 826-5625

COUNTY CLERK
 Notice of Determination
 Filed per P.R.C. 21102
 POSTED

DEC 17 2013

Removed 12314

By [Signature] Dept. County of Riverside State of California

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number: (if submitted to State Clearinghouse) n/a

Project Title: P13-0198, P13-0199, P13-0200 and P13-0201

Project Applicant: David Hetherington of Wakeland Housing and Development Corporation

Project Location (Include County): 5797 Picker Street an contiguous parcels totaling approximately 2.14 acres in the City and County of Riverside.

Project Description: PLANNING CASES P13-0198, P13-0199, P13-0200 AND P13-0201: Proposal by David Hetherington of Wakeland Housing and Development Corporation to consider a General Plan Amendment to amend the General Plan land use designation from MDR – Medium Density Residential to HDR – High Density Residential, an amendment to the Zoning Code (Title 19 of the Riverside Municipal Code) to amend the Zoning designation from R-1-7000 – Single-Family Residential to R-3-2500 – Multiple-Family Residential, the review of the site plan to establish a 30-unit affordable housing project for disabled military veterans and their families and to consider a Certificate of Appropriateness for the rehabilitation and restoration of the former World War II-era Camp Anza Officer's Club, eligible as a City Structure of Merit, on five contiguous parcels totaling approximately 2.14 acres located at 5797 Picker Street, and situated north of Philbin Avenue, between Picker and Wohlstetter Streets, in Ward 6.

This is to advise that the Riverside City Council has approved the above-described project on November 19, 2013 and has made the following determinations which reflect the independent judgment of the City of Riverside regarding the above described project.

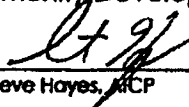
FILED
RIVERSIDE COUNTY

DEC 17 2013

LARRY W. WARD, CLERK
By [Signature] B Kernemer Deputy

1. The project [will will not] have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation Measures [were were not] made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan [was was not] adopted for this project.
5. A Statement of Overriding Considerations [was was not] adopted for this project.
6. Findings [were were not] made pursuant to the provisions of CEQA.

This is to certify that the Negative Declaration is available to the General Public at the City of Riverside, Community Development Department, Planning Division, 3900 Main Street, Riverside.

Signature:  Title: City Planner
Steve Hayes, MCP

Date: 12/9/13 Date Received for filing at OPR: _____

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn: Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF HOME FUNDS

15 This Loan Agreement for the Use of HOME Funds ("Agreement") is made and
16 entered into this 4th day of November, 2014 by and between the COUNTY OF
17 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and Camp Anza,
18 L.P., a California Limited Partnership, ("BORROWER"). The COUNTY and BORROWER
19 may be individually referred to herein as a "Party" and collectively as the "Parties

20 WITNESSETH:

21 WHEREAS, the County was qualified by the United States Department of
22 Housing and Urban Development ("HUD") as an "Urban County" and an approved
23 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
24 Partnerships Act and HOME Investment Partnerships("HOME") Program, which was enacted
25 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the "Act"), as
26 amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto
27 (24 CFR Part 92) (collectively, the "HOME Program"), has as its purposes to expand the
28 supply of decent, safe, sanitary, and affordable housing with primary attention to rental
housing, for very low-income and low-income families; to strengthen public-private
partnerships to carry out affordable housing programs; and to provide for coordinated
assistance to participants in the development of affordable low-income housing;

1 WHEREAS, Borrower's managing general partner is Mercy House CHDO, Inc.
2 a California nonprofit public benefit corporation and certified Community Housing
3 Development Organization ("Mercy House"), and Co-General Partner is Wakeland Camp
4 Anza, LLC, a California limited liability company, whose sole member and manager is
5 Wakeland Housing and Development Corporation ("Wakeland"), a California nonprofit public
6 benefit corporation. Property Management will be performed by FPI Management, Inc;

7 WHEREAS, pursuant to the HOME Program (24 CFR Section 92.300), the
8 County has reserved not less than fifteen percent (15%) of its allocation of HOME Program
9 funds for investment in housing to be developed, sponsored, or owned by community housing
10 development organizations ("CHDO's");

11 WHEREAS, Mercy House has been certified with the County as a qualified
12 CHDO under the HOME Program that has among its purposes the provision of decent housing
13 that is affordable to low income persons, and has submitted a proposal to the County for use of
14 CHDO set aside funds for a CHDO-eligible project as described herein;

15 WHEREAS, BORROWER has proposed to develop and construct an affordable
16 rental housing apartment complex, five (5) units of which will be rented to and occupied by
17 low-income and very low households for an affordable HOME rent as more specifically set
18 forth herein in and in Exhibit A attached hereto and incorporated herein by this reference
19 ("Project") located north of Philbin Avenue, between Picker and Wholstetter Streets, at 5797
20 Picker Street, in the City of Riverside, Assessor's Parcel Number(S): 151-123-015, legally
21 described in Exhibit A attached hereto and incorporated herein by this reference (the
22 "Property");

23 WHEREAS, the purpose of this Agreement is, among other things, for the County to
24 reserve and commit up to Five Hundred Thousand Dollars (\$500,000.00) consisting of HOME
25 CHDO set-aside funds, to provide financial assistance to Borrower to pay a portion of the
26 construction and development costs related to the Project, as more fully described herein; and

27 WHEREAS, the HOME-assisted activities described herein comply with the
28 objectives as required under 24 CFR Part 92 and are consistent with the County's Consolidated

1 Plan.

2 NOW, THEREFORE, based upon the foregoing Recitals and for good and
3 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
4 COUNTY and BORROWER hereby agree as follows:

5 1. PURPOSE. COUNTY has agreed to lend up to Five Hundred Thousand
6 Dollars (\$500,000) of HOME funds to BORROWER upon the satisfaction of the terms and
7 conditions set forth herein (the "HOME Loan"). Subject to **Section 50** hereof, Project
8 Financing Contingency, BORROWER shall undertake and complete the HOME activities
9 required herein and in Exhibit A, by utilizing such HOME funds, as specifically identified in
10 **Exhibit "A"**. Once the Project is completed, during the Affordability Period of this Agreement,
11 the Project shall be rented to and occupied by households that qualify as very low income
12 and/or low income households (as required herein) pursuant to 24 CFR Section 92.2
13 ("Qualified Household") for an affordable rent pursuant to 24 CFR Section 92.252
14 ("Affordable Rent"). To remain a Qualified Household, such household shall occupy their
15 respective unit within the Project as their principal residence.

16 2. BORROWER'S OBLIGATIONS. BORROWER hereby agrees to
17 undertake and complete the following activities within the time periods set forth herein and in
18 Exhibit A:

- 19 a. Develop the Project in accordance with the timeline set forth in
20 **Exhibit "A"**.
- 21 b. Obtain a tax credit allocation from the California Tax Credit
22 Allocation Committee ("CTCAC") in accordance with the timeline
23 set forth in **Exhibit "A"**.
- 24 c. Obtain equity financing in a sufficient amount to complete the
25 Project pursuant to the County approved sources and uses.
- 26 d. Obtain legal title of the property as legally described in **Exhibit "A"**,
27 hereinafter referred to as the ("Property" or "Project Site").
- 28 e. Operate the Project in such a manner so that it will remain affordable

1 to Qualified Households for the Affordability Period as defined in
2 **Section 14** herein without regard to (i) the term of the promissory
3 note or (ii) transfer of ownership.

4 f. Maintain the Project in compliance with applicable local, state,
5 federal laws, codes and regulations for the duration of the
6 Agreement.

7 g. Provide the COUNTY the Data Universal Number as assigned by
8 the Data Universal Number System (DUNS) assigned to
9 BORROWER as required by the Federal Funding Accountability
10 and Transparency Act of 2006.

11 h. During construction of the Project, BORROWER must erect a sign
12 in an area that is unobstructed and visible to the public. The sign
13 must include the County, EDA, and Housing Authority logos.
14 Additionally the sign must list the five County supervisorial districts
15 and Supervisor's. BORROWER shall submit construction signage
16 design and dimensions for COUNTY's review.

17 i. BORROWER must work with the Riverside County Work Force
18 Development Center (WDC) and post all jobs created as a result of
19 this Project with the WDC. Evidence that this requirement has been
20 met shall be submitted to the COUNTY prior to start of construction.

21 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
22 complete the following activities, subject to its receipt of HOME funds from U.S. Department
23 of Housing and Urban Development ("HUD and Borrower's satisfactory completion of the
24 conditions precedent to disbursement of HOME funds set forth below:

25 a. Provide the HOME Loan to Borrower in the amount identified in
26 **Section 1**, to be used to pay a portion of the HOME-eligible
27 construction costs for the Project.

28 b. Comply with all of its obligations as participating recipient under the

1 applicable regulations set forth in 24 CFR Part 92.

2 4. HOME Loan. Subject to the satisfaction of the conditions precedent to
3 disbursement of the HOME Loan set forth in **Section 13** below, County shall provide financing
4 to Borrower in the form of a loan in the amount of \$500,000 (“HOME Loan”), pursuant to the
5 following terms and conditions:

6 a. Term. The maturity of the HOME Loan shall be the first to occur of
7 (i) July 1, 2072 or (ii) fifty-five (55) years from the recordation of
8 the Notice of Completion for the last building for which construction
9 is completed for the Project (the “HOME Loan Term”).

10 b. Principal. The principal of the HOME Loan shall not exceed the
11 amount identified in **Section 1** and shall be evidenced by a
12 Promissory Note, substantially conforming in form and substance to
13 the Promissory Note attached hereto as **Exhibit C** and incorporated
14 herein by this reference (“HOME Note”), which note shall be
15 secured by a Deed of Trust, substantially conforming in form and
16 substance to the Deed of Trust with Assignment of rents attached
17 hereto as **Exhibit B** and incorporated herein by this reference
18 (“HOME Deed of Trust”).

19 c. Interest. The interest rate shall be three percent (3.00%) simple
20 interest per annum.

21 d. Repayment. The HOME Note shall provide the following:

22 1. That the HOME Loan will accrue simple interest at a rate of
23 three percent (3.00%) per annum, except in the case of an
24 event of default as hereinafter provided, and shall be repaid on
25 an annual basis from the Project’s Residual Receipts (defined
26 below). Interest will begin to accrue 30 days from the
27 recordation of the Notice of Completion in the Official
28 Records.

1 2. The HOME Note shall be repaid according to the following:

- 2 i) Fifty percent (50%) of the Project's Residual
3 Receipts shall be used towards the payment of the
4 Residual Receipts loans secured by the Project, and
5 the payment shall be prorated based on the
6 percentage of each respective loan amount based
7 upon the total amount of all such loans, the
8 Residual Receipts payment split calculation is
9 County HOME loan 14.71%, City of Riverside
10 HOME loan 18.62%, and Housing Authority of
11 the City of Riverside loan 66.67% of the 50%; and
12 ii) The remaining fifty percent (50%) of the Project's
13 Residual Receipts will be paid to BORROWER.

14 3. The Project's Residual Receipts shall be determined based on
15 an annual review of certified financial statements for the
16 Project. Annual audited financial statements shall be submitted
17 by Borrower within one hundred twenty (120) days following
18 the close of the project fiscal year commencing on April 1 of
19 the first full calendar year following the recordation of the
20 Notice of Completion. All outstanding principal along with
21 accrued interest shall be due upon the maturity date of the
22 HOME Loan Term as set forth in **Section 4(a)**. The first
23 payment shall be due on July 1st in the first full calendar year
24 following the date of the recordation of the Notice of
25 Completion, to the extent of available Residual Receipts, as set
26 forth herein. The first payment shall be due on July 1st of the
27 year after the calendar year in which the Notice of Completion
28 is recorded, to the extent of available Residual Receipts, as set

1 forth above. Subsequent payments shall be made on July 1st
2 thereafter to the extent of available Residual Receipts until the
3 earlier of full repayment of the HOME Loan or the HOME
4 Loan maturity date as set forth above.

5 4. The term Project's Residual Receipts as used herein shall mean
6 gross receipts, not including interest on required reserve
7 accounts, less the following:

- 8 i) auditing and accounting fees;
- 9 ii) a reasonable property management fee not to
10 exceed \$55 per unit per month, increased annually
11 by an amount equal to the increase in the
12 Consumer Price Index ("CPI");
- 13 iii) operating expenses (any expense reasonably and
14 normally incurred in carrying out the Project's
15 day-to-day activities, which shall include
16 administration, on-site management, utilities, on-
17 site staff payroll, payroll taxes, and maintenance);
- 18 iv) replacement reserves, established in a separate
19 account from operating reserves in an annual
20 amount up to \$7,500;
- 21 v) operating reserves, in an annual amount up to
22 \$99,316;
- 23 vi) deferred developer fee;
- 24 vii) a General Partner management fee, which shall be
25 in the initial amount of \$25,000;
- 26 viii) a limited partner asset management fee not to
27 exceed \$8,500 per year;
- 28 ix) payments of principal and interest on amortized

1 loans and indebtedness senior to the HOME Loan,
2 which have been approved by COUNTY
3 (collectively, the "Senior Debt"); and

4 x) COUNTY's Annual Monitoring Fee in the amount
5 of \$3,000, increased annually by an amount equal
6 to the increase of the Consumer Price Index (CPI),
7 as defined in Section 29.

8 e. Security. The HOME Deed of Trust and the terms of this Agreement
9 shall be subordinated to: 1) a Deed of Trust executed by Borrower
10 for the benefit of U.S. Bank National Association securing a
11 construction loan in a principal amount up to \$8,000,000, (2) a
12 Deed of Trust executed by Borrower for the benefit of the Housing
13 Authority of the City of Riverside securing a loan in an amount up
14 to \$2,266,260 and related regulatory agreement, and (3) a Deed of
15 Trust executed by Borrower for the benefit of the City of Riverside
16 securing a loan in an amount up to \$632,732, (collectively, the
17 "Senior Loans"). COUNTY agrees to execute documents necessary
18 to effectuate subordination of this Agreement and the HOME Deed
19 of Trust to the deeds of trust securing the Senior Loans upon
20 BORROWER'S request, provided such subordination agreements
21 are in a form and substance first approved in writing by the
22 COUNTY.

23 f. Prepayment. Prepayment of principal and/or interest may occur at
24 any time without penalty. The requirements of **Section 17,**
25 **Compliance with Laws and Regulations,** however, shall remain in
26 full force and effect for a term specified in **Section 6** hereof.

27 5. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY'S
28 written approval, through its Economic Development Agency ("EDA"), of all items requiring

1 such approvals as described in this Agreement.

2 6. TERM OF AGREEMENT. This Agreement shall become effective upon
3 execution as more specifically discussed in **Section 55** below, and unless terminated earlier
4 pursuant to the terms hereof, shall continue in full force and effect until the first to occur of (i)
5 fifty-five (55) years from and after the recordation of the Notice of Completion for the last
6 building for which construction is completed for the Project or (ii) July 1, 2072.

7 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
8 warrants to COUNTY as follows:

9 a. Authority. BORROWER is a duly organized limited partnership,
10 in good standing under the laws of the State of California, whose
11 managing general partner is Mercy House CHDO, Inc. a
12 California nonprofit public benefit corporation, and Co-General
13 Partner is Wakeland Camp Anza, LLC, a California limited
14 liability company and whose sole member/manager is Wakeland
15 Housing and Development Corporation ("Wakeland"), a
16 California nonprofit public benefit corporation. The copies of the
17 documents evidencing the organization of BORROWER, which
18 have been delivered to COUNTY, are true and complete copies of
19 the originals, amended to the date of this Agreement.
20 BORROWER has full right, power and lawful authority to accept
21 the conveyance of the Project Site, as defined in **Exhibit "A"**, and
22 undertake all obligations as provided herein and the execution,
23 performance and delivery of this Agreement by BORROWER has
24 been fully authorized by all requisite actions on the part of
25 BORROWER.

26 b. No Conflict. To the best of BORROWER's knowledge,
27 BORROWER's execution, delivery and performance of its
28 obligations under this Agreement will not constitute a default or a

1 breach under contract, agreement or order to which BORROWER
2 is a party or by which it is bound.

3 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
4 proceeding.

5 d. Prior to Closing. BORROWER shall upon learning of any fact or
6 condition which would cause any of the warranties and
7 representations in this **Section 7** not to be true as of Closing,
8 immediately give written notice of such fact or condition to
9 COUNTY. Such exception(s) to a representation shall not be
10 deemed a breach by BORROWER hereunder, but shall constitute
11 an exception which COUNTY shall have the right to approve or
12 disapprove if such exception would have an effect on the value
13 and/or operation of the Project Site.

14 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
15 with the implementation schedule (“Implementation Schedule”) set forth in **Exhibit “A,”** (as
16 such schedule may be amended pursuant to **Section 10**) and subject to Force Majeure Delays,
17 as defined in **Section 9**.

18 9. FORCE MAJEURE DELAYS. “Force Majeure” means event(s) beyond
19 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
20 which prevent(s) BORROWER from complying with any of its obligations under this
21 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
22 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other similar acts.

23 “Force Majeure Delay” is delay due to Force Majeure that, in each case, (i)
24 materially adversely affects the performance by BORROWER of its obligations hereunder, (ii)
25 is not reasonably foreseeable and is beyond BORROWER's reasonable control, (iii) despite the
26 exercise of reasonable diligence, cannot be prevented, avoided or removed by BORROWER
27 and is not attributable to the negligence, willful misconduct or bad faith of BORROWER, and
28 (iv) is not the result of the failure of BORROWER to perform any of its obligations under this

1 Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to
2 have occurred unless BORROWER has notified COUNTY of such occurrence of Force
3 Majeure within fifteen (15) days after such occurrence and has provided COUNTY with the
4 details of such event and the length of the anticipated delay within an additional fifteen (15)
5 days thereafter. BORROWER shall diligently attempt to remove, resolve, or otherwise
6 eliminate such event, keep COUNTY advised with respect thereto, and shall commence
7 performance of its obligations hereunder immediately upon such removal, resolution or
8 elimination. During the occurrence and continuance of a Force Majeure Delay, BORROWER
9 shall be excused from performance of its obligations under this Agreement to the extent the
10 Force Majeure prevents BORROWER from performing such obligations.

11 10. EXTENSION OF TIME. COUNTY may grant an extension to the
12 Implementation Schedule for the purpose of completing BORROWER's activities which
13 cannot be completed as outlined in **Exhibit "A."** BORROWER shall request said extension in
14 writing, stating the reasons therefore, which extension must be first approved in writing by the
15 COUNTY in its reasonable discretion. The Assistant CEO/EDA or designee, on behalf of the
16 COUNTY and without referring such matter to the County's Board of Supervisor's may extend
17 all pending deadlines in the Schedule and Performance on two (2) or fewer occasions, so long
18 as the aggregate duration of such administrative time extensions is no greater than ninety (90)
19 days. Every term, condition, covenant, and requirement of this Agreement shall continue in
20 full force and effect during the period of any such extension.

21 11. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its
22 EDA, shall: (1) make payments of the HOME funds to BORROWER as designated in **Exhibit**
23 **"A"**, and (2) monitor the Project to ensure compliance with applicable federal regulations and
24 the terms of this Agreement. County shall not disburse any HOME funds pursuant to this
25 Agreement until the following conditions precedent have been satisfied:

- 26 a. BORROWER executes this Agreement in the Official Records.
- 27 b. BORROWER provides evidence of insurance as required herein.
- 28 c. BORROWER executes the HOME Deed of Trust, substantially

1 conforming in form and substance to the Deed of Trust with
2 Assignment of Rents attached hereto as **Exhibit B**, and in recordable
3 form.

4 d. BORROWER executes the HOME Note, substantially conforming in
5 form and substance to the Promissory Note attached hereto as
6 **Exhibit C**.

7 e. BORROWER executes the Covenant Agreement, substantially
8 conforming in form and substance to the Covenant Agreement
9 attached hereto as **Exhibit ___** and incorporated herein by this
10 reference.

11 f. BORROWER executes, records, and delivers the Request for Notice
12 as shown in **Exhibit "H"**.

13 g. BORROWER provides, at its expense, an ALTA lender's policy
14 insuring the HOME Deed of Trust upon the close of escrow.

15 h. BORROWER provides documentation showing that matching funds
16 of not less than twenty-five percent (25%) of the total HOME funds
17 allocated under this Agreement have been provided.

18 i. BORROWER provides satisfactory evidence that it has all the
19 financing documents required to cause the proceeds of the
20 construction loan and the equity investment from the investor to be
21 committed and available, in an amount sufficient, when combined
22 with the HOME Loan, Housing Authority of the City of Riverside
23 Loan, and City of Riverside HOME Loan, to pay for development
24 costs.

25 j. Borrower is not in default under the terms of this Agreement.

26 k. COUNTY will retain ten percent (10%) of the total HOME Loan
27 amount and release final draw down of HOME funds upon receipt of
28 all of the following:

- 1) Conditional lien release from general contractor;
- 2) recorded Notice of Completion;
- 3) Certificate of Occupancy;
- 4) architect certification identifying units that are accessible to individuals with mobility impairments and units that are accessible to individuals with sensory impairments in compliance with Section 504 of the Rehabilitation Act of 1973, as described in **Section 17(i)**;
- 5) final Contract and Subcontract Activity report, Minority Business Enterprise/Women Business Enterprise (“MBE/WBE”) report, HUD form 2516;
- 6) submission of documentation that shows compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 7) submission of a Project completion report including Tenant Checklist as shown in **Exhibit “F”** which is attached hereto and by this reference incorporated herein;
- 8) Affirmative Fair Housing Marketing Plan – Multifamily Housing, HUD form 935.2A, as described in **Section 17(c)**;
- 9) Tenant Selection Policy;
- 10) Management Plan;
- 11) final development costs; and
- 12) final sources and uses of funds. A final Certified Public Accountant’s construction cost certification must be provided within 6 months of the Notice of Completion (but not as a condition to release HOME Loan retention).

1. BORROWER provides satisfactory evidence that it has secured any

1 and all land use entitlements, permits, approvals which may be
2 required for construction of the Project pursuant to the applicable
3 rules and regulations of, COUNTY, the City of Riverside, or any
4 other governmental agency affected by such construction work.
5 BORROWER shall, without limitation, secure all entitlement,
6 change of zone, lot line adjustment, any and all necessary studies
7 required including but not limited to archaeological, cultural,
8 environmental, traffic studies and lead-based paint surveys, as
9 applicable, and required, and pay all costs, charges and fees
10 associated therewith, all conditions precedent to the issuance of all
11 permits necessary for the construction of the development and all
12 such permits are available for issuance, other than payment of fees.

13 m. BORROWER provides duly executed documents and instruments
14 showing the ownership of the property as specifically identified in
15 **Exhibit "A"**.

16 n. BORROWER provides documentation of a Payment and
17 Performance Bond or letter of credit to secure performance under the
18 construction contract issued by a bonding company or financial
19 institution reasonably approved by COUNTY. The bonds shall name
20 COUNTY as Co-Obligee.

21 o. BORROWER provides satisfactory evidence that it has satisfied all
22 conditions precedent to the issuance of all permits necessary for the
23 construction of the development and all such permits are available
24 for issuance, other than payment of fees.

25 p. If Davis Bacon and/or prevailing wages are required to be paid,
26 BORROWER hires a qualified professional firm to review and
27 monitor Davis Bacon and/or prevailing wage compliance for all
28 submissions of contractors certified payrolls to COUNTY. In the

1 event that the Project requires prevailing wages, BORROWER shall
2 comply with any applicable labor regulations and all other State
3 Laws in connection with the construction of the improvements which
4 compromise the Project, including if applicable, requirements
5 relating to prevailing wages. BORROWER agrees and acknowledges
6 that it is the responsibility of BORROWER to obtain legal
7 determination, at BORROWER's sole cost and expense, as to
8 whether prevailing wages must be paid during the construction of the
9 Project. If the Project is subject to prevailing wage, then
10 BORROWER shall be solely responsible to pay its contractors and
11 subcontractors the required prevailing wage rates. BORROWER
12 agrees to indemnify, defend, and hold COUNTY harmless from and
13 against any and all liability arising out of and related to
14 BORROWER's failure to comply with any and all applicable Davis
15 Bacon and/or prevailing wage requirements.

16 q. Irrespective of events (a) through (e), BORROWER is allowed to
17 draw down up to and not-to-exceed Five Thousand (\$5,000) Dollars
18 for eligible soft costs incurred for the Project. Should the Project be
19 cancelled, all funds drawn down are to be paid back by
20 BORROWER within thirty (30) calendar days after receiving a
21 request for payment from the COUNTY.

22 r. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
23 BORROWER, and its principals, or any/all persons, contractors,
24 consultants, businesses, etc. ("Developer Associates"), that
25 BORROWER is conducting business with, are not presently
26 debarred, proposed for debarment, suspended, declared ineligible, or
27 voluntarily excluded from participation or from receiving federal
28 contracts or federally approved subcontracts or from certain types of

1 federal financial and nonfinancial assistance and benefits with the
2 Excluded Parties Listing System (“EPLS”). EPLS records are
3 located at www.sam.gov.

4 s. BORROWER shall search and provide a single comprehensive list
5 of Developer Associates (individuals and firms) and print and
6 maintain evidence of the search results of each Developer Associate
7 as verification of compliance with this requirement as provided in
8 **Exhibit “I”**, which is attached hereto and by this reference
9 incorporated herein.

10 t. BORROWER obtains and submits at BORROWER’s sole cost and
11 expense the following documents for COUNTY’s review and
12 acceptance of in its sole and absolute discretion:

- 13 1) Copies of Phase I Environmental audit prepared by
14 licensed entity in accordance with State of California
15 requirements.
- 16 2) Copies of Phase II Environmental audit prepared by
17 licensed entity, if the audit on Phase I indicates the
18 possible presence of hazardous substances.
- 19 3) Copies of soil reports.
- 20 4) Any findings identified in the soil, Phase I and Phase II
21 reports shall be fully remediated by BORROWER at its
22 sole cost and expense.

23 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
24 Construction Start Deadline as set forth in **Section 49(a)**; (2) the Completion Deadline as set
25 forth in **Section 49(b)**; (3) the Lease Deadline as set forth in **Section 19(a)**, or (4) the Project
26 Financing Contingency in **Section 50**, all of which are herein (collectively, the “Performance
27 Deadlines”), subject to the notice and cure periods as set forth in **Section 32** herein, then the
28 funds allocated, reserved, or placed in a HOME Investment Trust Fund may be reallocated by

1 COUNTY after at least thirty (30) days' prior written notice is given to BORROWER. Upon
2 such reallocation and repayment of funds, this Agreement shall be terminated and be of no
3 further force and effect and Borrower shall be released and discharged from any obligations
4 under this Agreement.

5 12a.) CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the
6 Project is funded using HOME CHDO set aside ("Set-Aside") funds as
7 that term is defined in 24 CFR 92.300(a). Borrower hereby understands
8 and agrees that the HOME CHDO Set Aside funds provided by County
9 for this Project pursuant to this Agreement must be allocated only for
10 housing developed, sponsored or owned by a CHDO, its subsidiary or
11 partnership of which it or its subsidiary is the managing general partner.
12 Borrower represents that since Mercy House is its general partner, it is
13 eligible to receive HOME funds and conduct activities pursuant to this
14 Agreement. Any proposed sale, assignment or other transfer of the
15 Project shall be subject to the provisions set forth in **Section 24**, Sale or
16 Transfer of the Project, herein.

17 13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
18 established in the United States Treasury is managed through HUD, Integrated Disbursement
19 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
20 System is a computerized system which manages, disburses, collects, and reports information
21 on the use of HOME funds in the United States Treasury Account. Disbursement of HOME
22 funds shall occur upon the satisfactory receipt of copies of invoices and conditional (upon
23 receipt of payment) lien releases for construction costs to be paid with the proceeds of the
24 HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
25 conditions set forth in **Section 11**. COUNTY shall pay BORROWER the sum specified in
26 **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized
27 schedule shown in **Exhibit "A"**:

28 a. Up to fifty percent (50%) of the HOME Loan at the

1 commencement of construction.

- 2 b. Up to ninety percent (90%) of the HOME Loan upon fifty-one
3 percent (51%) completion of Project, as certified and documented
4 by the project architect.
- 5 c. COUNTY shall release final draw down of ten percent (10%) of
6 the HOME Loan following receipt of all of the items listed in
7 **Section 11(i).**

8 14. TERMS OF AFFORDABILITY. The Project, including the COUNTY
9 HOME-Assisted Units, shall remain affordable to qualified very low income and low-income
10 tenants until the later of (i) fifty-five (55) years from the recordation of the Notice of
11 Completion for the last building for which construction is completed for the Project, or (ii) July
12 1, 2072, (“Affordability Period”).

13 15. INSURANCE. Without limiting or diminishing BORROWER’S
14 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain
15 or cause to be maintained, at its sole cost and expense, the following insurance coverage’s
16 during the term of this Agreement.

- 17 a. Worker’s Compensation Insurance.

18 If BORROWER has employees as defined by the State of
19 California, BORROWER shall maintain statutory Workers’
20 Compensation Insurance (Coverage A) as prescribed by the laws
21 of the State of California. Policy shall include Employers’
22 Liability (Coverage B) including Occupational Disease with
23 limits not less than \$1,000,000 per person per accident. The
24 policy shall be endorsed to waive subrogation in favor of The
25 County of Riverside, and, if applicable, to provide a Borrowed
26 Servant/Alternate Employer Endorsement.

- 27 b. Commercial General Liability Insurance.

28 Commercial General Liability insurance coverage, including but

1 not limited to, premises liability, contractual liability, products
2 and completed operations liability, personal and advertising
3 injury, and cross liability coverage, covering claims which may
4 arise from or out of BORROWER'S performance of its
5 obligations hereunder. Policy shall name the County of Riverside,
6 its Agencies, Boards, Districts, Special Districts, and
7 Departments, their respective directors, officers, Board of
8 Supervisors, employees, elected or appointed officials, agents or
9 representatives as Additional Insured. Policy's limit of liability
10 shall not be less than \$1,000,000 per occurrence combined single
11 limit. If such insurance contains a general aggregate limit, it shall
12 apply separately to this agreement or be no less than two (2) times
13 the occurrence limit.

14 c. Vehicle Liability Insurance.

15 If vehicles or mobile equipment are used in the performance of
16 the obligations under this Agreement, then BORROWER shall
17 maintain liability insurance for all owned, non-owned or hired
18 vehicles so used in an amount not less than \$1,000,000 per
19 occurrence combined single limit. If such insurance contains a
20 general aggregate limit, it shall apply separately to this agreement
21 or be no less than two (2) times the occurrence limit. Policy shall
22 name the County of Riverside, its Agencies, Boards, Districts,
23 Special Districts, and Departments, their respective directors,
24 officers, Board of Supervisors, employees, elected or appointed
25 officials, agents or representatives as Additional Insured or
26 provide similar evidence of coverage approved by COUNTY's
27 Risk Manager.

28 d. General Insurance Provisions – All Lines.

1 1) Any insurance carrier providing insurance coverage
2 hereunder shall be admitted to the State of California and have an
3 A M BEST rating of not less than A: VIII (A:8) unless such
4 requirements are waived, in writing, by COUNTY Risk Manager.
5 If COUNTY's Risk Manager waives a requirement for a
6 particular insurer such waiver is only valid for that specific
7 insurer and only for one policy term.

8 2) BORROWER's insurance carrier(s) must declare its
9 insurance self-insured retentions. If such self-insured retentions
10 exceed \$500,000 per occurrence such retentions shall have the
11 prior written consent of COUNTY Risk Manager before the
12 commencement of operations under this Agreement. Upon
13 notification of self-insured retention unacceptable to COUNTY,
14 and at the election of COUNTY's Risk Manager, BORROWER's
15 carriers shall either: (a) reduce or eliminate such self-insured
16 retention as respects this Agreement with COUNTY, or (b)
17 procure a bond which guarantees payment of losses and related
18 investigations, claims administration, and defense costs and
19 expenses.

20 3) BORROWER shall cause BORROWER's insurance
21 carrier(s) to furnish the County of Riverside with copies of the
22 Certificate(s) of Insurance and Endorsements effecting coverage
23 as required herein, and 2) if requested to do so orally or in writing
24 by COUNTY Risk Manager, provide copies of policies including
25 all Endorsements and all attachments thereto, showing such
26 insurance is in full force and effect. Further, said Certificate(s)
27 and policies of insurance shall contain the covenant of the
28 insurance carrier(s) that thirty (30) days written notice shall be

1 given to the County of Riverside prior to any material
2 modification, cancellation, expiration or reduction in coverage of
3 such insurance. In the event of a material modification,
4 cancellation, expiration, or reduction in coverage, this Agreement
5 shall terminate forthwith, unless the County of Riverside receives,
6 prior to such effective date, another Certificate of Insurance and
7 copies of endorsements, including all endorsements and
8 attachments thereto evidencing coverage's set forth herein and the
9 insurance required herein is in full force and effect.
10 BORROWER shall not commence operations until COUNTY has
11 been furnished Certificate(s) of Insurance and copies of
12 endorsements and if requested, copies of policies of insurance
13 including all endorsements and any and all other attachments as
14 required in this Section. An individual authorized by the
15 insurance carrier to do so on its behalf shall sign the original
16 endorsements for each policy and the Certificate of Insurance.

17 4) It is understood and agreed to by the parties hereto that
18 BORROWER's insurance shall be construed as primary
19 insurance, and COUNTY's insurance and/or deductibles and/or
20 self-insured retention's or self-insured programs shall not be
21 construed as contributory.

22 5) If, during the term of this Agreement or any extension
23 thereof, there is a material change in the scope of services; or,
24 there is a material change in the equipment to be used in the
25 performance of the scope of work which will add additional
26 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,
27 the term of this Agreement, including any extensions thereof,
28 exceeds five (5) years COUNTY reserves the right to adjust the

1 types of insurance required under this Agreement and the
2 monetary limits of liability for the insurance coverage's currently
3 required herein, if; in COUNTY Risk Manager's reasonable
4 judgment, the amount or type of insurance carried by
5 BORROWER has become inadequate.

6 6) BORROWER shall pass down the insurance obligations
7 contained herein to all tiers of subcontractors working under this
8 Agreement.

9 7) The insurance requirements contained in this
10 Agreement may be met with a program(s) of self-insurance
11 acceptable to COUNTY.

12 8) BORROWER agrees to notify COUNTY of any claim
13 by a third party or any incident or event that may give rise to a
14 claim arising from the performance of this Agreement.

15 16. FINANCIAL RECORDS. BORROWER shall maintain financial,
16 programmatic, statistical, and other supporting records of its operations and financial activities
17 in accordance with the requirements of the HOME Investment Partnerships Program Final
18 Rule, and the regulations as amended promulgated thereunder, which records shall be open to
19 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller
20 General of the United States during regular working hours. COUNTY, HUD, and the
21 Comptroller General, or any of their representatives, have the right of access with at least forty-
22 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of
23 BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records
24 shall be retained for such time as may be required by the regulations of the HOME Program,
25 but in no event no less than five (5) years after the Project completion date; except that records
26 of individual tenant income verifications, project rents, and project inspections must be
27 retained for the most recent five (5) year period, until five (5) years after the Affordability
28 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started

1 before the expiration of the regular period specified, the records must be retained until
2 completion of the action and resolution of all issues which arise from it, or until the end of the
3 regular period, whichever is later.

4 17. COMPLIANCE WITH LAWS AND REGULATIONS. By executing
5 this Agreement, BORROWER hereby certifies that it will adhere to and comply with all
6 federal, state and local laws, regulations and ordinances. In particular, BORROWER shall
7 comply with the following as they may be applicable to BORROWER of funds granted
8 pursuant to the HOME Program:

9 a. The HOME Program and its implementing regulations set forth in
10 the Final Rule, as it now exists and may hereafter be amended.

11 b. Section 92.350 Other Federal requirements and
12 nondiscrimination. As set forth in 24 CFR part 5, sub part A,
13 BORROWER is required to include the following requirements:
14 nondiscrimination and equal opportunity under Section 282 of the
15 Act; disclosure; debarred, suspended, or ineligible contractors;
16 and drug-free workplace.

17 a. Section 92.351 Affirmative marketing and minority outreach
18 program. BORROWER must adopt affirmative marketing
19 procedures and requirements. These must include:

20 (1) Methods for informing the public, owners, and potential
21 tenants about Federal fair housing laws and the affirmative
22 marketing policy (e.g., the use of the Equal Housing
23 Opportunity logotype or slogan in press releases and
24 solicitations for owners, and written communication to fair
25 housing and other groups).

26 (2) Requirements and practices that BORROWER must
27 adhere to in order to carry out the affirmative marketing
28 procedures and requirements (e.g., use of commercial

1 media, use of community contacts, use of the Equal
2 Housing Opportunity logotype or slogan, and display of
3 fair housing poster).

4 (3) Procedures to be used by BORROWER to inform and
5 solicit applications from persons in the housing market
6 area who are not likely to apply without special outreach
7 (e.g., use of community organizations, employment
8 centers, fair housing groups, or housing counseling
9 agencies).

10 (4) Records that will be kept describing actions taken by
11 BORROWER to affirmatively market units and records to
12 assess the results of these actions.

13 (5) A description of how BORROWER will annually assess
14 the success of affirmative marketing actions and what
15 corrective actions will be taken where affirmative
16 marketing requirements are not met.

17 (6) BORROWER must prescribe procedures to establish and
18 oversee a minority outreach program to ensure the
19 inclusion, to the maximum extent possible, of minorities
20 and women, and entities owned by minorities and women,
21 including, without limitation, real estate firms,
22 construction firms, appraisal firms, management firms,
23 financial institutions, investment banking firms,
24 underwriters, accountants, and providers of legal services,
25 in all contracts entered into by BORROWER with such
26 persons or entities, public and private, in order to facilitate
27 the activities of COUNTY to provide affordable housing
28 authorized under this Act or any other Federal housing

1 law. Section 24 CFR 85.36(e) provided affirmative steps
2 to assure that minority business enterprises and women
3 business enterprises are used when possible in the
4 procurement of property and services. The steps include:

5 (i) Placing qualified small and minority businesses
6 and women's business enterprises on solicitation
7 lists.

8 (ii) Assuring that small and minority businesses, and
9 women's business enterprises are solicited
10 whenever they are potential sources.

11 (iii) Dividing total requirements, when economically
12 feasible, into smaller tasks or quantities to permit
13 maximum participation by small and minority
14 business, and women's business enterprises.

15 (iv) Establishing delivery schedules, where the
16 requirement permits, which encourage
17 participation by small and minority business, and
18 women's business enterprises.

19 (v) Using the services and assistance of the Small
20 Business Administration, and the Minority
21 Business Development Agency of the Department
22 of Commerce.

23 (vi) Requiring the prime contractor, if subcontracts are
24 to be let, to take the affirmative steps listed in (i)
25 through (v) above of this section.

26 b. Section 92.352 Environmental review. The environmental effects
27 of each activity carried out with HOME funds must be assessed in
28 accordance with the provisions of the National Environmental

1 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
2 authorities listed in HUD's implementing regulations at 24 CFR
3 Parts 50 and 58.

4 c. Section 92.353 Displacement, relocation, and acquisition. The
5 relocation requirements of Title II and the acquisition
6 requirements of Title III of the Uniform Relocation Assistance
7 and Real Property Acquisition Policies Act of 1970, and the
8 implementing regulations at 24 CFR Part 42. BORROWER must
9 ensure that it has taken all reasonable steps to minimize the
10 displacement of persons as a result of this project assisted with
11 HOME Funds.

12 d. Section 92.354 Lead-based paint. Housing assisted with HOME
13 funds is subject to the lead-based paint requirements of 24 CFR
14 Part 35 issued pursuant to the Lead-Based Paint Poisoning
15 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
16 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
17 (j)(1)(i), also apply, irrespective of the applicable property
18 standard under §92.251.

19 g. Section 92.354 Labor. Every contract for the construction of
20 housing that includes twelve (12) or more units assisted with
21 HOME funds must contain a provision requiring the payment of
22 not less than the wages prevailing in the locality, as predetermined
23 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
24 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
25 the development of any part of the housing. Such contracts must
26 also be subject to the overtime provisions, as applicable, of the
27 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
28 332). BORROWER must apply most current wage rate

1 determination at the date of execution of this Agreement.

2 h. Section 92.356 Conflict of Interest. In the procurement of
3 property and services by BORROWER, the conflict of interest
4 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
5 apply. Section 92.356 shall cover all cases not governed by 24
6 CFR 85.36 and 24 CFR 84.42.

7 i. Section 504 of the Rehabilitation Act of 1973; Housing
8 accessibility requirement at 24 CFR Part 8, implementing Section
9 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
10 design and construction of multi-family dwellings as defined at 24
11 CFR 100.201 must comply with the requirements set forth in 24
12 CFR 100.205 implementing the Fair Housing Act. Dwelling units
13 must be designed and constructed in accordance with the Uniform
14 Federal Accessibility Standards (UFAS) will be deemed to
15 comply with the Section 504 regulation.

16 (1) 24 CFR Part 8.22 New construction—housing
17 facilities. For new construction of multi-family
18 projects, 5 percent (5%) of the units (but not less
19 than one unit) must be accessible to individuals
20 with mobility impairments, and an additional 2
21 percent (2%) of the units (but not less than one
22 unit) must be accessible to individuals with
23 sensory impairments.

24 (2) 24 CFR Part 8.23 Alterations of existing housing
25 facilities. If alterations are undertaken to a project
26 that has 15 or more units and the cost of the
27 alterations is 75 percent or more of the replacement
28 cost of the completed facility, then the provisions

1 of §8.22 shall apply. Alterations to dwelling units
2 in a multifamily housing project shall, to the
3 maximum extent feasible, be made to be readily
4 accessible to and usable by individuals with
5 handicaps. If alterations of single elements or
6 spaces of a dwelling unit, when considered
7 together, amount to an alteration of a dwelling unit,
8 the entire dwelling unit shall be made accessible.
9 Once 5 percent (5%) of the dwelling units in a
10 project are readily accessible to and usable by
11 individuals with mobility impairments, then no
12 additional elements of dwelling units, or entire
13 dwelling units, are required to be accessible under
14 this paragraph. Alterations to common areas or
15 parts of facilities that affect accessibility of
16 existing housing facilities shall, to the maximum
17 extent feasible, be made to be accessible to and
18 usable by individuals with handicaps. For purposes
19 of this paragraph, the phrase to the maximum
20 extent feasible shall not be interpreted as requiring
21 that a recipient make a dwelling unit, common
22 area, facility or element thereof accessible if doing
23 so would impose undue financial and
24 administrative burdens on the operation of the
25 multifamily housing project.

- 26 j. Model Energy Code published by the Council of American
27 Building Officials.
28 k. Section 3 of the Housing and Urban Development Act of 1968.

1 To the greatest extent feasible, opportunities for training and
2 employment arising from HOME funds will be provided to low-
3 income persons residing in the program service area. To the
4 greatest extent feasible, contracts for work to be performed in
5 connection with HOME funds will be awarded to business
6 concerns that are located in or owned by persons residing in the
7 program service area as outlined in the Riverside County EDA
8 Section 3 Contract Requirements attached hereto as **Exhibit "D"**.
9 Contracts funded from Section 3 covered funding sources must
10 abide by the Section 3 Clause prescribed at 24 CFR 135.38. All
11 contracts subject to the requirements of Section 3 must include the
12 Section 3 Clause verbatim that is contained at 24 CFR 135.38
13 attached hereto as **Exhibit E**, which is attached hereto and by this
14 reference incorporated herein.

15 l. Section 92.358 Consultant Activities. No person providing
16 consultant services in an employer-employee type relationship
17 shall receive more than a reasonable rate of compensation for
18 personal services paid with HOME funds.

19 m. BORROWER shall carry out its activity pursuant to this
20 Agreement in compliance with all federal laws and regulations
21 described in Subpart E of Part 92 of the Code of Federal
22 Regulations, except that:

23 (1) BORROWER does not assume COUNTY'S
24 environmental responsibilities described at 24 CFR Part
25 92.352; and

26 (2) BORROWER does not assume COUNTY's responsibility
27 for initiating the review process under the provisions of 24
28 CFR Part 92.352

- 1 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
2 and 85 “Common Rule”, OMB Circular Nos. A-87 (for
3 government entities), A-122 (for non-profit organizations), and
4 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
5 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
6 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
7 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
8 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
9 84.73 (for non-profit organizations). Federal awards expended as
10 a recipient or a subrecipient, as defined by HUD, would be
11 subject to single audit. The payments received for goods or
12 services provided as a vendor would not be considered Federal
13 awards.
- 14 o. BORROWER shall include written agreements that include all
15 provisions of **Section 17** if BORROWER provides HOME funds
16 to for-profit owners or developers, non-profit owners or
17 developers, sub-recipients, homeowners, homebuyers, tenants
18 receiving tenant-based rental assistance, or contractors.
- 19 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
20 Department of Justice Interim Guidance on Verification of
21 Citizenship, Qualified Alien Status and Eligibility Under Title IV
22 of the Personal Responsibility and Work Opportunity
23 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
24 General’s Order issued pursuant to PRWORA is specified under
25 Federal Register Vol. 66, No. 10, Department of Justice Final
26 Specification of Community Programs Necessary for Protection
27 of Life or Safety Under Welfare Reform Legislation.
- 28 q. BORROWER shall comply with all applicable local, state and

1 federal laws in addition to the above mentioned laws.

2 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set
3 aside and designate five (5) units (3 – 2 Bedroom and 2 – 3 Bedroom) of the Project to be
4 designated as “ COUNTY Floating Units” Low HOME rent units, as defined under 24 CFR
5 92.252(j) and which is more fully described in **Exhibit A** (the “ COUNTY HOME-Assisted
6 Units”). All five (5) of the COUNTY HOME-Assisted Units shall be limited to households
7 whose incomes do not exceed fifty percent (50%) of the median family income for the County
8 of Riverside, adjusted by family size at the time of occupancy.

9 The City of Riverside is contributing \$632,732 in HOME funds and is restricting
10 six (6) units of the Project to be designated as “City Floating Units” High HOME and Low
11 HOME rent units. Three very-low income units (comprising of 2 – 2 Bedroom and 1 – 3
12 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of
13 the median family income for the County of Riverside, adjusted by family size at the time of
14 occupancy. Three low income units (comprising of 1 – 2 Bedroom and 2 – 3 Bedroom) shall
15 be limited to households whose incomes do not exceed eighty percent (80%) of the median
16 family income for the County of Riverside, adjusted by family size at the time of occupancy.

17 19. RENT LIMITATIONS. BORROWER shall comply with the rent
18 limitations set forth under 24 CFR 92.252. COUNTY shall review and approve proposed rents
19 to the extent required under this section. BORROWER shall ensure that the HOME-Assisted
20 Units are rented to qualified applicants at the HOME rent levels, adjusted by family size at the
21 time of occupancy, published by HUD.

22 a. Initial Occupancy of Vacant Units: Within four (4) months from
23 the recordation of the Notice of Completion, if a COUNTY HOME-Assisted Unit remains
24 unoccupied or not leased to an eligible tenant, BORROWER must provide to COUNTY
25 information about current marketing efforts and an enhanced plan for marketing the unit so that
26 it is leased as quickly as possible.

27 Within twelve (12) months from the recordation of the Notice of
28



1 Completion (the "Lease Deadline"), if a COUNTY HOME-Assisted Unit remains unoccupied
2 or not leased to an eligible tenant, then BORROWER agrees to repay HOME funds for any
3 COUNTY HOME-Assisted Unit that is not rented to eligible tenants. BORROWER may
4 request an extension of the Lease Deadline from COUNTY if BORROWER can provide to
5 COUNTY evidence showing efforts of aggressive marketing efforts and proof that the
6 circumstances that led to the failure to lease the COUNTY HOME-Assisted Unit(s) by the
7 Lease Deadline were beyond the BORROWER's control. The extension and time of extension
8 is subject to COUNTY's approval and not guaranteed. The Assistant County Executive
9 Officer/EDA, or designee, has the authority, at his or her discretion, to consent to an extension
10 of the Lease Deadline.

11 The amount of HOME funds to be repaid is based on the HOME Loan, defined
12 in Section 1, prorated by the number of COUNTY HOME-Assisted Units that are or are not
13 rented to eligible tenants. If all COUNTY HOME-Assisted Units are not rented to eligible
14 tenants, then COUNTY and BORROWER mutually agree that this Agreement will self-
15 terminate and any HOME Loan funds drawn shall be returned within thirty (30) calendar days.
16 Upon such termination, this Agreement shall become null and void. COUNTY and
17 BORROWER shall be released and discharged respectively from their obligations under this
18 Agreement. All cost incurred by each party on the Project will be assumed respectively.

- 19 a. Low HOME Rent Limitations: Effective May 1, 2014, HUD
20 published Low HOME rents for the County of Riverside. Low
21 HOME rent for 3 bedroom units is \$828 and \$923 for 4 bedroom
22 units. In order to calculate net rent to be charged, an applicable
23 utility allowance must be subtracted from the gross rents listed. The
24 BORROWER shall use the California Utility Allowance Calculator
25 to establish maximum monthly allowances for utilities and services
26 to be used by the BORROWER in calculating Rents. The
27 BORROWER shall submit to the COUNTY for review and written
28 approval the rents proposed by the BORROWER for all of the

1 COUNTY Home Assisted Units. Rent limitations for COUNTY
2 HOME-assisted units shall be as set forth under 24 CFR 92.252 and
3 such units shall be rented and occupied by income qualified
4 applicants at the HOME rent levels for the County of Riverside,
5 which are published periodically by HUD.

6 b. Initial rent schedule and utility allowance: The BORROWER shall
7 use the California Utility Allowance Calculator to establish
8 maximum monthly allowances for utilities and services to be used by
9 the BORROWER in calculating Rents. COUNTY shall review and
10 approve rents proposed by BORROWER for COUNTY HOME-
11 Assisted Units subject to the maximum rent limitations to ensure that
12 the rents do not exceed the maximum rent minus the monthly
13 allowances for utilities and services.

14 c. Veterans Preference: To the extent permitted by law, preference
15 shall be given to tenant applicants in the following order of priority:
16 first to qualified low income services-disabled veteran households,
17 qualified low income veteran households, and qualified low income
18 households.

19 20. TENANT PROTECTIONS. BORROWER shall provide protection to the
20 tenants of the COUNTY HOME-Assisted Units in accordance to the requirements set forth at
21 24 CFR 92.253 and described as follows:

22 a. Provide written lease agreement for not less than one year, unless by
23 mutual agreement between the tenant and BORROWER. COUNTY
24 shall review the initial form of the lease agreement prior to
25 BORROWER executing any leases and, provided that BORROWER
26 uses the approved lease form, BORROWER shall be permitted to
27 enter into residential leases without COUNTY's prior written
28 consent.

1 b. Prohibited Lease Terms. The rental agreement/lease may not contain any
2 of the following provisions:

- 3 (1) Agreement to be sued. Agreement by the tenant to be
4 sued, to admit guilt or to a judgment in favor of
5 BORROWER in a lawsuit brought in connection with the
6 lease.
- 7 (2) Treatment of property. Agreements by tenant that
8 BORROWER may take, hold, or sell personal property of
9 household members without notice to the tenant and a
10 court decision on the rights of the parties. This prohibition,
11 however, does not apply to an agreement by the tenant
12 concerning disposition of personal property remaining in
13 the housing unit after the tenant has moved out of the unit.
14 BORROWER may dispose of this personal property in
15 accordance with State law.
- 16 (3) Excusing BORROWER from responsibility. Agreement
17 by the tenant not to hold BORROWER or BORROWER's
18 agents legally responsible for any action or failure to act,
19 whether intentional or negligent.
- 20 (4) Waiver of notice. Agreement of the tenant that
21 BORROWER may institute a lawsuit without notice to the
22 tenant.
- 23 (5) Waiver of legal proceeding. Agreement by the tenant that
24 the BORROWER may evict the tenant or household
25 members without instituting a civil court proceeding in
26 which the tenant has the opportunity to present a defense,
27 or before a court decision on the rights of the parties.
- 28 (6) Waiver of a jury trial. Agreement by the tenant to waive

1 any right to a trial by jury.

2 (7) Waiver of right to appeal court decision. Agreement by the
3 tenant to waive the tenant's right to appeal, or to otherwise
4 challenge in court, a court decision in connection with the
5 lease.

6 (8) Tenant chargeable with cost of legal actions regardless of
7 outcome. Agreement by the tenant to pay attorneys' fees
8 or other legal costs even if the tenant wins in a court
9 proceeding by BORROWER against the tenant. The
10 tenant, however, may be obligated to pay costs if the
11 tenant loses.

12 (9) Mandatory supportive services. Agreement by the tenant
13 (other than a tenant in transitional housing) to accept
14 supportive services that are offered.

15 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
16 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes
17 and amends the Violence Against Women Act of 1994, as previously
18 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
19 13925 et seq.) VAWA 2013, among other things, bars eviction and
20 termination due to a tenant's status as a victim of domestic violence,
21 dating violence, or stalking, and requires landlords to maintain
22 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
23 is a survivor of domestic violence, dating violence, sexual assault,
24 and stalking from being denied assistance, tenancy, or occupancy
25 rights based solely on criminal activity related to an act of violence
26 committed against them. It extends housing protections to survivors
27 of sexual assault, and adds "intimate partner" to the list of eligible
28 relationships in the domestic violence definition. Protections also

1 now cover an “affiliated individual,” which includes any lawful
2 occupant living in the survivor’s household, or related to the survivor
3 by blood or marriage including the survivor’s spouse, parent,
4 brother, sister, child, or any person to whom the survivor stands in
5 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
6 lawful occupant who engages in criminal activity directly relating to
7 domestic violence, dating violence, sexual assault, or stalking against
8 an affiliated individual or other individual, or others may be evicted
9 or removed without evicting or removing or otherwise penalizing a
10 victim who is a tenant or lawful occupant. If victim cannot establish
11 eligibility, BORROWER must give a reasonable amount of time to
12 find new housing or establish eligibility under another covered
13 housing program. A Notice of Rights under VAWA 2013 for tenants
14 must be provided at the time a person applies for housing, when a
15 person is admitted as a tenant of a housing unit, and when a tenant is
16 threatened with eviction or termination of housing benefits. Tenants
17 must request an emergency transfer and reasonably believe that they
18 are threatened with imminent harm from further violence if the
19 tenant remains in the same unit. The provisions of VAWA 2013 that
20 are applicable to HUD programs are found in title VI of VAWA
21 2013, which is entitled “Safe Homes for Victims of Domestic
22 Violence, Dating Violence, Sexual Assault, and Stalking.” Section
23 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
24 14043e et seq.) to add a new chapter entitled “Housing Rights.”

25 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
26 provisions of the HOME Program and any amendments thereto and all applicable federal
27 regulations and guidelines now or hereafter enacted pursuant to the Act.

28 22. REPAYMENT INCOME. COUNTY must record the receipt and

1 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
2 92.503.

3 23. SALE , ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.

4 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
5 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
6 which consent shall be conditioned upon (a) a County determination that transferee is a CHDO
7 or is otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and
8 determined by County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside
9 funds pursuant to the requirements set forth in 24 CFR 92.300(a): and (b) solely upon (a)
10 receipt by the COUNTY of reasonable evidence satisfactory to the COUNTY in its sole
11 discretion, that transferee has assumed in writing and in full, and is reasonably capable of
12 performing and complying with the BORROWER's duties and obligations under this
13 Agreement , provided, however Borrower shall not be released of all obligations hereunder
14 which accrue from and after the date of such sale. Notwithstanding anything to the contrary
15 contained herein, upon written notice to COUNTY, BORROWER may, without the
16 COUNTY's consent (i) admit limited partners to BORROWER, and provide for the purchase
17 of any such limited partnership interest or interests by BORROWER's general partner; (ii)
18 remove BORROWER's general partner, and replace with an affiliate of the BORROWER's
19 limited partner, provided that any replacement general partner for BORROWER who is not an
20 affiliate with the BORROWER's limited partner will require the written consent of the County,
21 which consent will not be unreasonably withheld,; (iii) the lease for occupancy of all or any of
22 the Units; (iv) the granting of easements or permits to facilitate the development of the
23 Property in accordance with this HOME Loan Agreement; and (v) the withdrawal and/or
24 replacement of any limited partner of BORROWER, (collectively a "Permitted Transfer"). All
25 Permitted Transfers shall be subject to reasonable review of documentation by the COUNTY.
26 The parties hereto acknowledge that "affiliate" for purposes of this section means, as to any
27 Person (as defined below), any general partnership, limited partnership, corporation, joint
28 venture, trust, business trust, cooperative, association, limited liability company or individual

1 (collectively, a "Person") that (A) directly or indirectly controls or is controlled by (such as any
2 partnership or limited liability company in which the Person, directly or indirectly, serves as a
3 general partner or managing member, respectively) or is under common control with the
4 specified Person; (B) is an officer or director of, commissioner of, partner in, member of or
5 trustee of, or serves in a similar capacity with respect to, the specified Person or of which the
6 Specified Person is an officer, director, member, partner or trustee, or with respect to which the
7 specified Person serves in a similar capacity; or (C) is the beneficial owner, directly or
8 indirectly, of 10% or more of any class of equity securities of the specified Person or of which
9 the specified Person is directly or indirectly the owner of 10% or more of any class of equity
10 securities. The term "control" (including the term "controlled by" and "under common control
11 with") means the possession, direct or indirect, of the power to direct or cause the direction of
12 the management and policies of a Person, whether through the ownership of voting securities,
13 by contract or otherwise.

14 24. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
15 and employees shall act at all times in an independent capacity during the term of this
16 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be
17 agents, officers, or employees of COUNTY.

18 25. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
19 which requires that no person in the United States shall on the grounds of race, color, national
20 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
21 subjected to discrimination under any program or activity receiving Federal financial assistance
22 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
23 against discrimination on the basis of age under the Age Discrimination Act and the
24 prohibitions against discrimination on the basis of disability under Section 504 shall apply to
25 programs or activities receiving Federal financial assistance under Title I programs. The
26 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
27 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
28 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,

1 hiring or treatment of any contractors or consultants, to participate in
2 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
3 violation of this clause shall be considered a material breach of this Lease and may result in
4 termination, debarment or other sanctions. This language shall be incorporated into all
5 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
6 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
7 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
8 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
9 issued pursuant to said Acts and Orders with respect to its use of the Property.

10 BORROWER herein covenants by and for itself, its successors and assigns, and all
11 persons claiming under or through them, that this Covenant is made and accepted upon and
12 subject to the following conditions: There shall be no discrimination against or segregation of
13 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
14 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
15 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of
16 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
17 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
18 establish or permit any such practice or practices of discrimination or segregation with reference
19 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
20 or vendees of the Property.

21 BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or
22 lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex,
23 sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease,
24 and contract entered into with respect to the Property, or any portion thereof, after the date of this
25 Agreement shall contain or be subject to substantially the following nondiscrimination or
26 nonsegregation clauses:

27 a) In deeds: "The grantee herein covenants by and for himself or herself, his
28 or her heirs, executors, administrators, and assigns, and all persons claiming under or

1 through them, that there shall be no discrimination against or segregation of, any person
2 or group of persons on account of any basis listed in subdivision (a) or (d) of Section
3 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
4 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
5 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
6 tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person
7 claiming under or through him or her, establish or permit any practice or practices of
8 discrimination or segregation with reference to the selection, location, number, use or
9 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
10 conveyed. The foregoing covenants shall run with the land.”

11 b) In leases: “The lessee herein covenants by and for himself or herself, his
12 or her heirs, executors, administrators, and assigns, and all persons claiming under or
13 through him or her, and this lease is made and accepted upon and subject to the following
14 conditions: That there shall be no discrimination against or segregation of any person or
15 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
16 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
17 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
18 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
19 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
20 or any person claiming under or through him or her, establish or permit any such practice
21 or practices of discrimination or segregation with reference to the selection, location,
22 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
23 premises herein leased.”

24 c) In contracts: “There shall be no discrimination against or segregation of
25 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of
26 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
27 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
28 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,

1 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
2 claiming under or through him or her, establish or permit any such practice or practices of
3 discrimination or segregation with reference to the selection, location, number, use, or
4 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

5 In addition to the obligations and duties of BORROWER set forth herein, BORROWER
6 shall, upon notice from County, promptly pay to County all fees and costs, including
7 administrative and attorneys’ fees, incurred by County in connection with responding to or
8 defending any discrimination claim brought by any third party and/or local, state or federal
9 government entity, arising out of or in connection with this Agreement or the Covenant
10 Agreement attached hereto.

11 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

12 a. BORROWER and its assigns, employees, agents, consultants, officers
13 and elected and appointed officials shall become familiar with and
14 shall comply with the conflict of interest provisions in OMB Circular
15 A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy
16 Manual #A-11, attached hereto as **Exhibit “E”** and by this reference
17 incorporated herein.

18 b. BORROWER understands and agrees that no waiver or exception can be
19 granted to the prohibition against conflict of interest except upon
20 written approval of HUD pursuant to 24 CFR 92.356(d). Any
21 request by BORROWER for an exception shall first be reviewed by
22 COUNTY to determine whether such request is appropriate for
23 submission to HUD. In determining whether such request is
24 appropriate for submission to HUD, COUNTY will consider the
25 factors listed in 24 CFR 92.356(e).

26 c. Prior to any funding under this Agreement, BORROWER shall provide
27 COUNTY with a list of all employees, agents, consultants, officers
28 and elected and appointed officials who are in a position to

1 participate in a decision-making process, exercise any functions or
2 responsibilities, or gain inside information with respect to the
3 HOME activities funded under this Agreement. BORROWER shall
4 also promptly disclose to COUNTY any potential conflict, including
5 even the appearance of conflict that may arise with respect to the
6 HOME activities funded under this Agreement.

7 d. Any violation of this section shall be deemed a material breach of this
8 Agreement, and the Agreement shall be immediately terminated by
9 COUNTY.

10 27. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
11 HOME funds may not be provided to primarily religious organizations, such as churches, for
12 any activity including secular activities. In addition, HOME funds may not be used to
13 rehabilitate or construct housing owned by primarily religious organizations or to assist
14 primarily religious organizations in acquiring housing. However, HOME funds may be used
15 by a secular entity to acquire housing from a primarily religious organization, and a primarily
16 religious entity may transfer title to property to a wholly secular entity and the entity may
17 participate in the HOME program in accordance with the requirements set forth at 24 CFR
18 92.257. The entity may be an existing or newly established entity, which may be an entity
19 established by the religious organization. The completed housing project must be used
20 exclusively by the BORROWER/participant entity for secular purposes, available to all
21 persons regardless of religion. In particular, there must be no religious or membership criteria
22 for tenants of the property.

23 28. PROJECT MONITORING AND EVALUATION.

24 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
25 Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
26 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
27 composition, number and percentage of very low-income and low-income households who are
28 tenants of the COUNTY HOME-Assisted Units. The Tenant Checklist Form shall be submitted

1 upon completion of the construction and thereafter, on a semi-annual basis on or before March
2 31 and September 30. BORROWER shall maintain financial, programmatic, statistical and
3 other supporting records of its operations and financial activities in accordance with the
4 requirements of the HOME Program under 24 CFR 92.508, including the submission of Tenant
5 Checklist Form. Except as otherwise provided for in this Agreement, BORROWER shall
6 maintain and submit records to COUNTY within ten business days of COUNTY's request
7 which clearly documents BORROWER's performance under each requirement of the HOME
8 Program. A list of document submissions and timeline are shown in **Exhibit A** and such list
9 may be amended from time to time subject to HUD and COUNTY reporting requirements.

10 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii),
11 during the period of affordability, COUNTY must perform on-site inspections of COUNTY
12 HOME-assisted rental housing to determine compliance with the property standards of §92.251
13 and to verify the information submitted by the owners in accordance with the requirements of
14 §92.252. The inspections must be in accordance with the inspection procedures that the
15 participating jurisdiction establishes to meet the inspection requirements of §92.251. The on-
16 site inspections must occur within 12 months after Notice of Completion and at least once
17 every 3 years thereafter during the period of affordability. If there are observed deficiencies
18 for any of the inspectable items in the property standards established by COUNTY, in
19 accordance with the inspection requirements of §92.251, a follow-up on-site inspection to
20 verify that deficiencies are corrected must occur within 12 months. COUNTY may establish a
21 list of non-hazardous deficiencies for which correction can be verified by third party
22 documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety
23 deficiencies must be corrected immediately, in accordance with §92.251. COUNTY must
24 adopt a more frequent inspection schedule for properties that have been found to have health
25 and safety deficiencies. The property owner must annually certify to the COUNTY that each
26 building and all HOME- assisted units in the project are suitable for occupancy, taking into
27 account State and local health, safety, and other applicable codes, ordinances, and
28 requirements, and the ongoing property standards established by the participating jurisdiction

1 to meet the requirements of §92.251. Inspections must be based on a statistically valid sample
2 of units appropriate for the size of the COUNTY HOME-Assisted project, as set forth by HUD
3 through notice. For projects with one-to-four COUNTY HOME-Assisted Units, COUNTY
4 must inspect 100 percent of the COUNTY HOME-Assisted Units and the inspectable items
5 (site, building exterior, building systems, and common areas) for each building housing
6 COUNTY HOME-assisted units.

7 29. MONITORING FEE. BORROWER shall be responsible for paying an
8 annual Compliance Monitoring fee to the COUNTY in the amount of \$3,000. The first
9 payment is due twenty-four (24) months from the recordation of the Notice of Completion for
10 the last building for which construction is completed for the Project and annually thereafter.
11 This amount is to be adjusted, not to exceed the CPI, every year.

12 30. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
13 to visit the Project site at all reasonable times, and upon completion of the Project upon
14 reasonable written notice to BORROWER, to review the operation of the Project in accordance
15 with this HOME Agreement.

16 31. EVENTS OF DEFAULT. The occurrence of any of the following events
17 shall constitute an "Event of Default" under this Agreement:

- 18 a. Monetary Default. (1) BORROWER's failure to pay when due
19 any sums payable under the HOME Loan Note or any advances
20 made by COUNTY under this Agreement; (2) BORROWER's or
21 any agent of BORROWER's use of HOME funds for costs other
22 than costs or for uses inconsistent with terms and restrictions set
23 forth in this Agreement; (3) BORROWER's or any agent of
24 BORROWER's failure to make any other payment of any
25 assessment or tax due under this Agreement, and /or (4) default
26 under the terms of any Senior Loan documents or any other
27 instrument or document secured against the Property;

- 28 b. Non-Monetary Default - Operation. (1) Discrimination by

1 BORROWER or BORROWER's agent on the basis of
2 characteristics prohibited by this Agreement or applicable law; (2)
3 the imposition of any encumbrances or liens on the Project
4 without COUNTY's prior written approval that are prohibited
5 under this Agreement or that have the effect of reducing the
6 priority or invalidating the HOME Deed of Trust unless Borrower
7 (1) agrees in writing to the payment of the obligation secured by
8 the lien in a manner acceptable to County; (2) contests in good
9 faith the lien by, or defends against enforcement of the lien in
10 legal proceedings which in the County's opinion operate to
11 prevent the enforcement of the lien; or (3) bond around the lien
12 (4) secures from the holder of the lien an agreement satisfactory
13 to Lender subordinating the lien to the Deed of Trust, Except for
14 the liens approved herein, if County determines that any part of
15 the property is subject to a lien which may attain priority over this
16 Deed of Trust, County may give Borrower a notice identifying the
17 lien. Borrower shall satisfy such lien or take one or more of the
18 actions set forth above within 30 days of the giving of notice; (3)
19 BORROWER's failure to obtain and maintain the insurance
20 coverage required under this Agreement; (4) any material default
21 under this Agreement the HOME Loan Deed of Trust, Covenant
22 Agreement, HOME Loan Note or any document executed by the
23 County in connection with this Agreement, and /or (5) default
24 under the terms of any Senior Loan documents or any other
25 instrument or document secured against the Property;

26 c. General Performance of Loan Obligations. Any substantial or
27 continuous or repeated breach by BORROWER or
28 BORROWER's agents of any material obligations on

1 BORROWER imposed in this Agreement;

2 d. General Performance of Other Obligations. Any substantial or
3 continuous or repeated breach by BORROWER or
4 BORROWER's agents of any material obligations on the Project
5 imposed by any other agreement with respect to the financing,
6 development, or operation of the Project; whether or not
7 COUNTY is a party to such agreement; but only following any
8 applicable notice and cure periods with respect to any such
9 obligation;

10 e. Representations and Warranties. A determination by COUNTY
11 that any of BORROWER's representations or warranties made in
12 this Agreement, any statements made to COUNTY by
13 BORROWER, or any certificates, documents, or schedules
14 supplied to COUNTY by BORROWER were untrue in any
15 material respect when made, or that BORROWER concealed or
16 failed to disclose a material fact from COUNTY.

17 f. Damage to Project. In the event that the Project is materially
18 damaged or destroyed by fire or other casualty, and BORROWER
19 receives an award or insurance proceeds sufficient for the repair
20 or reconstruction of the Project, and BORROWER does not use
21 such award or proceeds to repair or reconstruct the Project.

22 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
23 general partner and co-general partner of BORROWER's (1)
24 filing for bankruptcy, dissolution, or reorganization, or failure to
25 obtain a full dismissal of any such involuntary filing brought by
26 another party before the earlier of final relief or ninety (90) days
27 after such filing; (2) making a general assignment for the benefit
28 of creditors; (3) applying for the appointment of a receiver,

1 trustee, custodian, or liquidator, or failure to obtain a full
2 dismissal of any such involuntary application brought by another
3 party before the earlier of final relief or ninety (90) days after
4 such filing; (4) insolvency; or (5) failure, inability or admission in
5 writing of its inability to pay its debts as they become due.

6 32. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
7 monetary and non-monetary Events of Default, COUNTY shall give written notice to
8 Borrower and its investor limited partner, if any, at the addresses listed in **Section 54** below,
9 of any Event of Default by specifying: (a) the nature of the Event of Default or the deficiency
10 giving rise to the default, (b) the action required to cure the deficiency, if an action to cure is
11 possible, and (c) a date, which shall not be more than sixty (60) calendar days from the date of
12 the mailing of the notice , by which such action to cure must be taken. COUNTY agrees that
13 Borrower's investor limited partner shall have the right to cure any and all defaults under this
14 Agreement no later than sixty (60) calendar days from the date of the mailing of the notice of
15 default to the investor limited partner.

16 33. COUNTY REMEDIES. Upon the occurrence of an Event of Default and
17 a failure by BORROWER to cure said default within the time period specified in the notice of
18 default (if an action to cure is specified in said notice), COUNTY's obligation to disburse
19 HOME funds shall terminate, and COUNTY may also in addition to other rights and remedies
20 permitted by this Agreement or applicable law, proceed with any or all of the following
21 remedies in any order or combination COUNTY may choose in its sole discretion:

- 22 a. Terminate this Agreement, in which event the entire amount as
23 well as any other monies advanced to BORROWER by COUNTY
24 under this Agreement including administrative costs, shall
25 immediately become due and payable at the option of COUNTY.
- 26 b. Bring an action in equitable relief (1) seeking the specific
27 performance by BORROWER of the terms and conditions of this
28 Agreement, and/or (2) enjoining, abating, or preventing any

1 violation of said terms and conditions, and/or (3) seeking
2 declaratory relief.

3 c. Accelerate the HOME Loan, and demand immediate full payment
4 of the principal payment outstanding and all accrued interest under
5 the HOME Note, as well as any other monies advanced to
6 BORROWER by COUNTY under this Agreement.

7 d. Enter the Project and take any remedial actions necessary in its
8 judgment with respect to hazardous materials that COUNTY
9 deems necessary to comply with hazardous materials laws or to
10 render the Project suitable for occupancy.

11 e. Enter upon, take possession of, and manage the Project, either in
12 person, by agent, or by a receiver appointed by a court, and collect
13 rents and other amounts specified in the assignment of rents in the
14 Deed of Trust and apply them to operate the Project or to pay off
15 the HOME Loan or any advances made under this Agreement, as
16 provided for by the HOME Deed of Trust.

17 f. Pursue any other remedy allowed at law or in equity.

18 34. BORROWER'S REMEDIES. After notice and opportunity to cure,
19 failure of the COUNTY to satisfy any of its obligations under this Agreement, BORROWER
20 may:

- 21 a. Demand payment from COUNTY of any sums due BORROWER; and/or
22 b. Bring an action in equitable relief seeking the specific performance by
23 COUNTY of the terms and conditions of this Agreement; and/or
24 c. Pursue any other remedy allowed at law or in equity.

25 35. BORROWER'S WARRANTIES. BORROWER represents and warrants
26 (1) that it has access to professional advice and support to the extent necessary to enable
27 BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out
28 the Project, (2) that it is duly organized, validly existing and in good standing under the laws

1 of the State of California, (3) that it has the full power and authority to undertake the Project
2 and to execute this Agreement, (4) that the persons executing and delivering this Agreement
3 are authorized to execute and deliver such documents on behalf of BORROWER and (5) that
4 neither BORROWER nor any of its principals is presently debarred, suspended, proposed for
5 debarment, declared ineligible, or voluntarily excluded from participation in connection with
6 the transaction contemplated by this Agreement.

7 36. BORROWER'S CERTIFICATION. BORROWER certifies, to the best
8 of its knowledge and belief, that:

- 9 a. No federally appropriated funds have been paid or will be paid, by or
10 on behalf of the undersigned, to any person for influencing or
11 attempting to influence an officer or employee of any agency, a
12 member of Congress, an officer or employee of Congress, or an
13 employee of a member of Congress in connection with the awarding
14 of any federal contract, the making of any federal grant, the making
15 of any federal loan, the entering into of any cooperative agreement,
16 and the extension, continuation, review, amendment, or modification
17 of any federal contract, grant, loan, or cooperative agreement.
- 18 b. If any funds other than federally appropriated funds have been paid or
19 will be paid to any person for influencing or attempting to influence
20 an officer or employee of any agency, a member of Congress, an
21 officer or employee of Congress, or an employee of a member of
22 Congress in connection with this federal contract, grant, loan, or
23 cooperative agreement, the undersigned shall complete and submit
24 Standard Form-LLL, "Disclosure Form to Report Lobbying," in
25 accordance with its instructions.
- 26 c. The undersigned shall require that the language of this certification be
27 included in the award documents for all sub-awards at all tiers
28 (including subcontracts, sub-grants, and contracts under grants, loans,

1 and cooperative agreements) and that BORROWER shall certify and
2 disclose accordingly. This certification is a material representation of
3 fact upon which reliance was placed when this transaction was made
4 or entered into.

5 37. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
6 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
7 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
8 appointed officials, employees, agents and representatives (collectively the "Indemnified
9 Parties") from any liability whatsoever, based or asserted upon any services of BORROWER,
10 its officers, employees, subcontractors, agents or representatives arising out of their
11 performance under this Agreement, including but not limited to property damage, bodily injury,
12 or death or any other element of any kind or nature whatsoever arising from the performance of
13 BORROWER, its officers, agents, employees, subcontractors, agents or representatives under
14 this Agreement. BORROWER shall defend, at its sole expense, all costs and fees including,
15 but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the
16 County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective
17 directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and
18 representatives in any claim or action based upon such alleged acts or omissions; provided,
19 however, Borrower shall not have any obligation to indemnify any Indemnified Parties gross
20 negligence or willful misconduct.

21 With respect to any action or claim subject to indemnification herein by BORROWER,
22 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
23 have the right to adjust, settle, or compromise any such action or claim without the prior consent
24 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no
25 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
26 forth herein.

27 BORROWER's obligation hereunder shall be satisfied when BORROWER has provided
28 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the

1 action or claim involved.

2 The specified insurance limits required in this Agreement shall in no way limit or
3 circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY herein from
4 third party claims.

5 In the event there is conflict between this clause and California Civil Code Section 2782,
6 this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not
7 relieve BORROWER from indemnifying COUNTY to the fullest extent allowed by law.

8 38. TERMINATION.

9 a. BORROWER. BORROWER may terminate this Agreement consistent
10 with the applicable HOME Program regulations, and 24 CFR 85.44.

11 b. COUNTY. Notwithstanding the provisions of **Section 38(a)**, COUNTY
12 may suspend or terminate this Agreement upon written notice to BORROWER of the action
13 being taken and the reason for such action in the event one of the following events occur:

14 (1) In the event BORROWER fails to perform the covenants
15 herein contained at such times and in such manner as
16 provided in this Agreement after the applicable notice and
17 cure provision hereof; or

18 (2) In the event there is a conflict with any federal, state or
19 local law, ordinance, regulation or rule rendering any
20 material provision, in the judgment of COUNTY of this
21 Agreement invalid or untenable; or

22 (3) In the event the funding from HUD to in **Section 1** above is
23 terminated or otherwise becomes unavailable.

24 c. This Agreement may be terminated or funding suspended in whole or in
25 part for cause in accordance with 24 CFR 85.43. Cause shall be based on the failure of
26 BORROWER to materially comply with either the terms or conditions of this Agreement after
27 the expiration of all applicable notice and cure provisions hereof. Upon suspension of funding,
28 BORROWER agrees not to incur any costs related thereto, or connected with, any area of

1 conflict from which COUNTY has determined that suspension of funds is necessary. The award
2 may be terminated for convenience in accordance with 24 CFR 85.44.

3 d. Upon expiration of this Agreement, BORROWER shall transfer to
4 COUNTY any unexpended HOME funds in its possession at the time of expiration of the
5 Agreement as well as any accounts receivable held by BORROWER which are attributable to the
6 use of HOME funds awarded pursuant to this Agreement.

7 39. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
8 hereby declare their express intent that the restrictions set forth in this Agreement shall
9 continue in full force and effect for a period of time no earlier than (i) fifty-five (55) years from
10 the recordation of the Notice of Completion for the last building for which construction is
11 complete for the Project, or (ii) July 1, 2072, and shall bind all successors in title to the
12 Property until the expiration of this Agreement. Each and every contract, deed or other
13 instrument hereafter executed covering and conveying the Property or any portion thereof shall
14 be held conclusively to have been executed, delivered and accepted subject to such restrictions,
15 regardless of whether such restrictions are set forth in such contract, deed or other instrument.
16 Borrower shall execute and record as a lien against the Property, a Covenant Agreement,
17 substantially conforming in form and substance to the Covenant Agreement attached hereto as
18 **Exhibit J** and incorporated herein by this reference, setting forth in the affordability and
19 income restriction required in this Agreement.

20 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
21 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
22 COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay and
23 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
24 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
25 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
26 discharged.

27 41. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
28 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no

1 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
2 between the parties at the time of execution.

3 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
4 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
5 that they have the authority to execute this Agreement and warrant and represent that they have
6 the authority to bind the respective parties to this Agreement to the performance of its
7 obligations hereunder.

8 43. WAIVER. Failure by a party to insist upon the strict performance of any
9 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
10 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
11 insist and demand strict compliance by the other party with the terms of this Agreement
12 thereafter.

13 44. INTERPRETATION AND GOVERNING LAW. This Agreement and
14 any dispute arising hereunder shall be governed by and interpreted in accordance with the laws
15 of the State of California. This Agreement shall be construed as a whole according to its fair
16 language and common meaning to achieve the objectives and purposes of the parties hereto,
17 and the rule of construction to the effect that ambiguities are to be resolved against the drafting
18 party shall not be employed in interpreting this Agreement, all parties having been represented
19 by counsel in the negotiation and preparation hereof.

20 45. JURISDICTION AND VENUE. Any action at law or in equity arising
21 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
22 determining the validity of any provision of this Agreement shall be filed in the Superior Courts
23 of Riverside County, State of California, and the parties hereto waive all provisions of law
24 providing for the filing, removal or change of venue to any other court or jurisdiction.

25 46. SEVERABILITY. Each paragraph and provision of this Agreement is
26 severable from each other provision, and if any provision or part thereof is declared invalid, the
27 remaining provisions shall nevertheless remain in full force and effect.

28 47. MINISTERIAL ACTS. COUNTY's Assistant County Executive

1 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
2 actions as may be necessary or appropriate to implement the terms, provisions, and conditions
3 of this Agreement as it may be amended from time to time by both parties.

4 48. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
5 consider it in its best interest to change, modify or extend a term or condition of this
6 Agreement, provided such change, modification or extension is agreed to in writing by the
7 other party. Any such change, extension or modification, which is mutually agreed upon by
8 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
9 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or
10 BORROWER from any obligations under this Agreement, except for those parts thereby
11 amended. No amendment to this Agreement shall be effective and binding upon the parties,
12 unless it expressly makes reference to this Agreement, is in writing, is signed and
13 acknowledged by duly authorized representatives of all parties, and approved by the County.

14 49. CONDITIONAL HOME COMMITMENT.

15 a. Construction. Pursuant to 24 CFR 92.2, under the definition of
16 Commitment, all necessary financing has been secured, a budget and schedule have been
17 established, and underwriting has been completed and under which construction is scheduled to
18 start within twelve (12) months of the agreement date (“Construction Start Deadline”). If
19 BORROWER cannot start construction or provide evidence such as construction permits within
20 twelve (12) months of the agreement date, then COUNTY and BORROWER mutually agree
21 that this Agreement will self-terminate and any HOME Loan funds drawn to date shall be
22 returned within thirty (30) calendar days. Upon such termination, this Agreement shall become
23 null and void. COUNTY and BORROWER shall be released and discharged
24 respectively from its obligations under this Agreement, except for those
25 provisions which by their terms survive termination. All cost incurred by each
26 party on the Project will be assumed respectively.



27 b. Completion. The Project must be completed and a Notice of
28 Completion shall have been recorded in the Official Records within two (2) years from the date

1 of this Agreement (the "Completion Deadline"). BORROWER may request a one year
2 extension of the Completion Deadline from COUNTY, in County's sole and absolute discretion,
3 if the BORROWER can provide proof of the circumstances that led to the failure
4 to complete the Project by the Completion Deadline were beyond the
5 BORROWER's control. The one year extension is subject to COUNTY's
6 approval and not guaranteed. The Assistant County Executive Officer/EDA, or designee, has
7 the authority, at his or her discretion, to consent to an extension of the Completion Deadline. If
8 BORROWER is unable to meet the condition as required by this **Section 49**, then COUNTY
9 and BORROWER mutually agree that this Agreement will self-terminate and any HOME Loan
10 funds drawn to date shall be returned within thirty (30) calendar days. Upon such termination,
11 this Agreement shall become null and void. COUNTY and BORROWER shall be released and
12 discharged respectively from their obligations under this Agreement, except for those provisions
13 which by their terms survive termination. All cost incurred by each party on the Project will be
14 assumed respectively.



15 c. Tenant Leases. BORROWER shall comply with the initial
16 occupancy requirements set forth in Section 19(a) of this Agreement.

17 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
18 conditioned upon BORROWER's receipt, on or prior to **January 01, 2015** of (i) such binding
19 loan commitments for new loans as may be required by BORROWER, on terms and conditions
20 acceptable to BORROWER, in its sole discretion, including, without limitation, (a) any
21 conventional construction and/or permanent financing, including without limitation, a
22 construction and permanent loan from an institutional construction lender either COUNTY or
23 BORROWER may elect to terminate this Agreement with ten (10) days written notice to the
24 other party if BORROWER fails to acquire the project financing as required by this **Section 50**.
25 Upon such termination, this Agreement shall be null and void, and:

26 a. If BORROWER elects to terminate this Agreement,
27 BORROWER shall be released and discharged by COUNTY
28 from its obligations under this Agreement; or

1 b. If COUNTY elects to terminate this Agreement, COUNTY shall
2 be released and discharged by BORROWER from its
3 obligations under this Agreement.

4 At that time all cost incurred by each party on the Project will be assumed
5 respectively, and each party shall be released from all liability under this Agreement.

6 51. NONRECOURSE OBLIGATION. Subject to the provisions and
7 limitations of this Section, the obligation to repay the Note Amount is a nonrecourse obligation
8 of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability
9 for repayment of the Note Amount, except as provided in this Section. The sole recourse of the
10 County shall be the exercise of its rights against the Property (or any portion thereof) and any
11 related security for the HOME Loan; provided, however, that the foregoing shall not (i)
12 constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit
13 the right of the COUNTY to name Borrower as a party defendant in any action or suit for
14 judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding
15 hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or
16 taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent
17 or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative
18 defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy
19 against the mortgaged Property or any other instrument securing this Note or as prescribed by
20 law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from
21 exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for
22 relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds,
23 condemnation awards or other monies or other collateral or letters of credit securing this Note;
24 or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or
25 any of the obligations evidenced and secured by this Note and the Deed of Trust.
26 Notwithstanding the first sentence of this Section 20, the COUNTY may recover directly from
27 Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any
28 damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation

1 or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee
2 of Borrower, or of any member or general or limited partner of Borrower, or of any general or
3 limited partner of such member or general or limited partner; (b) any damages, costs and
4 expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay
5 costs as described in the HOME Loan Agreement, rents and revenues from the operation of the
6 Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation
7 of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could
8 create statutory liens on the Project and that are payable or applicable prior to any foreclosure
9 under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed
10 or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all
11 amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement
12 and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the
13 HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees
14 reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

15 52. EXHIBITS AND ATTACHMENTS. Each of the attachments and
16 exhibits attached hereto is incorporated herein by this reference.

17 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
18 provide input regarding all media releases regarding the Project. Any publicity generated by
19 BORROWER for the Project must make reference to the contribution of COUNTY in making
20 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
21 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
22 public service announcements. BORROWER agrees to cooperate with COUNTY in any
23 COUNTY-generated publicity or promotional activities with respect to the Project.

24 54. NOTICES. All notices, requests, demands and other communication
25 required or desired to be served by either party upon the other shall be addressed to the
26 respective parties as set forth below or the such other addresses as from time to time shall be
27 designated by the respective parties and shall be sufficient if sent by United States first class,
28 certified mail, postage prepaid, or express delivery service with a receipt showing the date of

1 delivery.

2 COUNTY

3 Assistant Director, Housing
4 Riverside County
5 Economic Development Agency
6 5555 Arlington Avenue
7 Riverside, CA 92504

BORROWER

c/o Wakeland Housing & Development Corp.
Attn: Kenneth L. Sauder
1230 Columbia Street, Suite 950
San Diego, CA 92101

Co-General Partner

c/o Mercy House CHDO, Inc.
Attn: Larry Haynes, Executive Director
P.O. Box 1905
Santa Ana, CA 92702

10 55. COUNTERPARTS. This Agreement may be signed by the different
11 parties hereto in counterparts, each of which shall be an original but all of which together shall
12 constitute one and the same agreement.

13 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
14 parties execute the Agreement. If the parties execute the Agreement on more than one date, then
15 the last date the Agreement is executed by a party shall be the effective date.

16
17
18 (SIGNATURES ON THE NEXT PAGE)
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23
24
25
26
27
28

1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the dates written below.

3 COUNTY:

BORROWER:

4 County of Riverside, a political
5 Subdivision of the State of California

Camp Anza, L.P.,
a California limited partnership

6
7 By: Jeff Stone
8 Jeff Stone, Chairman
9 Board of Supervisors

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corp.,
its Managing General Partner

10 Date: NOV 04 2014

By: _____
Larry Haynes, Executive Director

11 Date: _____

12
13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co- General Partner

16
17 By: Kellington, deputy

By: Wakeland Housing and Development Corp.,
a California nonprofit public benefit corp.,
its Sole Member and Manager

18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel

22
23 By: Jhalla R. Brown
24 Jhalla R. Brown, Deputy County Counsel

By: Kenneth L. Sauder
Kenneth L. Sauder, President/CEO

25 Date: October 17, 2014

26
27 (Signatures need to be notarized)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

On November 4, 2014, before me, Karen Barton, Board Assistant, personally appeared Jeff Stone, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: Karen Barton
Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF San Diego }

On Oct. 17, 2014, before me, Victoria E. Periola, Notary Public
Date Here Insert Name and Title of the Officer

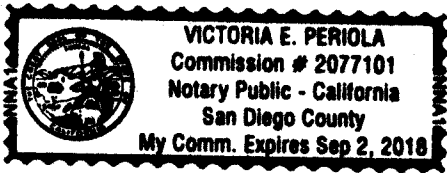
personally appeared Kenneth L. Sauder
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Victoria E. Periola*
Signature of Notary Public



Place Notary Seal Above

My Comm. Expires Dec 31, 2018
San Diego County
Notary Public - California
Commission # 5033391
VICTORIA E. PEROLA



1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the dates written below.

3 COUNTY:

BORROWER:

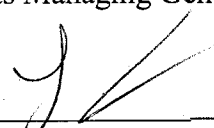
4 County of Riverside, a political
5 Subdivision of the State of California

Camp Anza, L.P.,
a California limited partnership

6
7 By: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corp.,
its Managing General Partner

10 Date: _____

By: 
Larry Haynes, Executive Director

11
12 Date: 10/20/14

13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co- General Partner

16
17 By: _____

By: Wakeland Housing and Development Corp.,
a California nonprofit public benefit corp.,
its Sole Member and Manager

18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel

22
23 By: _____
24 Jhaila R. Brow, Deputy County Counsel

By: _____
Kenneth L. Sauder, President/CEO

25
26 Date: _____

27 **(Signatures need to be notarized)**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Orange }

On October 20, 2014 before me, Analilia Calesti - Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Larry Haynes
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Analilia Calesti*
Signature of Notary Public

Place Notary Seal Above

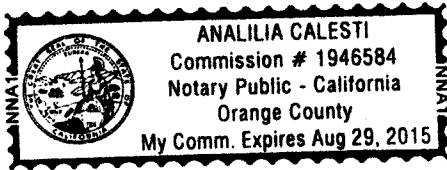


EXHIBIT "A"

Borrower: Camp Anza, L.P.
Address: 1230 Columbia Street
San Diego, CA 92101, Suite 950
Project Title: Home Front at Camp Anza
Location: The Project is located north on Philbin Avenue, between Picker and Wohlstetter Streets, at 5797 Picker Street in the City of Riverside, Assessor Parcel Number 151-123-015.

Description:

Camp Anza, L.P., (Borrower), a California limited partnership, will utilize \$500,000 in HOME funds for the development and construction of a 30-unit apartment complex. Additionally, as part of the overall project the Borrower will also be rehabilitating the historic Camp Anza Officer's Club (Officers Club) building.

The Project will consist of 15 two-bedroom units, and 15 three-bedroom units. The two-bedroom units are approximately 776 square-feet and the three-bedroom units rang in size from 1,054 to 1,151 square-feet. One two-bedroom unit will be set aside for a resident manager. The apartment units will be rented to very low and low- income households and to the extent permitted by law, preference shall be given to tenant applicants in the following order of priority: first to qualified low income services-disabled veteran households, qualified low income veteran households, and qualified low income households.

A total of five (5) units (3 – 2 Bedroom and 2 – 3 Bedroom) of the Project to be designated as "Floating" Low HOME rent units ("COUNTY HOME-Assisted Units"). All five (5) of the HOME-Assisted Units shall be limited to households whose incomes do not exceed fifty percent (50%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy. Pursuant to Section 92.252(j) of the HOME Regulations, the COUNTY HOME Assisted Units shall be a "floating" designation such that the requirements of this Agreement will be satisfied so long as the total number of COUNTY HOME Assisted Units remains the same throughout the Affordability Period and each substituted COUNTY HOME Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated COUNTY HOME Assisted Units.

Additionally, the City of Riverside is contributing \$632,732 in HOME funds and is restricting six (6) units of the Project to be designated as "City Floating Units" High HOME and Low HOME rent units. Three very-low income units (comprising of 2 – 2 Bedroom and 1 – 3 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy. Three low income units (comprising of 1 – 2 Bedroom and 2 – 3 Bedroom) shall be limited to households whose incomes do not exceed eighty percent (80%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy.

A significant component of this Project involves the restoration and rehabilitation of a vacant historic building also known as the Officer's Club which will be renovated into a multipurpose community center for the use of residents living in the proposed Project. The Officer's Club, is a cultural resource and valuable connection demonstrating Riverside's Contribution to the World War II war effort. The goal is to preserve and enhance the integrity of the Officer's Club building

and to integrate into this Project that will be serving Veterans. Mercy House CHDO, Inc., a general partner of the Camp Anza, L.P., will be responsible for coordinating all support services at the Project, and will staff the Project with a part to full time (depending on need) Resident Services Coordinator/Case Manager, who will work not just with veterans but with family members who provide crucial support to their returned loved ones. The manager's office and community room will be open to residents during normal business hours, as well as in the evenings and weekends when community events are held for the residents.

LEGAL DESCRIPTION OF PROPERTY

Parcel 1

Lot 111 Together with Lots 112 through 116 of Camp Anza Subdivision No. 1 as shown by map on file in Book 22, Pages 81 and 82 of Maps, records of Riverside County, California:

Excepting therefrom the southerly 20.00 feet of said Lot 111 of Camp Anza Subdivision No. 1

APN: 151-123-015

Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	500,000
Accrued/Deffered interest	\$	13,400
City of Riverside HOME Loan	\$	632,732
Housing Authority of the City of Riverside RDA Loan	\$	2,266,260
Accrued/Deffered interest	\$	77,700
California Solar Intiative (rebate)	\$	63,750
Limited Partners Solar Credits	\$	124,806
Limited Partners Tax Credit Equity Financing	\$	<u>9,790,040</u>
Total Sources	\$	13,468,688

Uses:

Land & Acquisition	\$	1,136,069
Construction	\$	6,956,231
Architectural & Engineering	\$	1,170,000
Construction Interest and Fees	\$	455,400
Construction Contingency	\$	526,645
General Liability Insurance	\$	215,638
Legal Fees	\$	215,000
Operating Reserves	\$	99,118
TCAC Application Monitoring Fees	\$	76,598
Environmental Audit	\$	115,000
Development Impact Fees	\$	624,254
Permit Processing Fees	\$	509,250
Marketing	\$	40,000
Furnishings	\$	58,000
Market Study	\$	8,000
Construction Management and Other Costs	\$	1,838,502
Developer Overhead and Profit	\$	431,277
Permanent Financing	\$	20,000
Deferred Developer Fee	\$	<u>900,000</u>
Total Uses	\$	13,468,688

The BORROWER will obtain a reservation of Federal/State tax credit award from the California Tax Credit Allocation Committee. County HOME funds will be restricted for the housing portion of the Project; County HOME funds are not to be used for rehabilitation of the Officers Club.

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$250,000) are required. The HOME match in the amount of \$125,000 will be satisfied from the Redevelopment loan from the Housing Authority of the City of Riverside.

BORROWER shall submit to COUNTY copies of the final funding commitment, copies of all executed agreements, final Certified Public Accountant's construction cost certification, and proof that the funds were disbursed for this project.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. CTCAC Award	June 2014
2. Letter Confirmation of CTCAC award due to COUNTY	August 2014
3. Permanent Financing Commitment	December 2014
4. Building Permit	December 2014
5. Construction Start Deadline	12 months from date of Agreement
6. Project Financing Contingency (Section 50)	January 2015
7. Marketing & Affirmative Action	February 2016
8. Lease Agreement, Proposed Rents, and Utilities	April 2016
9. Certificate of Occupancy	December 2016
10. Lease Deadline	12 months from Notice of Completion
11. Submission of Final actual project costs and Sources and Uses of Funds	December 2016
12. Submission of income & ethnic characteristics report	December 2016

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 5 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for Borrower and General Contractor (GC)	BORROWER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually–Dec 31 st & June 30 th
4. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. HOME Match Contribution	Beginning of Construction
6. Project Site Photos	Bimonthly, due by the 5 th of each month
7. The filing of the Notice of Completion	End of Construction
8. Certificate of Occupancy	End of Construction
9. Tenant Checklist Reporting	Close of Project; and Semi-Annually–Sept 30 th & March 31 st
10. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
11. Project Completion Report	Close of Project
12. Final Development Cost - Sources and Uses	Close of Project
13. Final Cost Certification by CPA	Close of Project and Audits Completed
14. Final 15/30 Year Cash Flow Projection	Close of Project
15. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
16. Management Plan	Marketing Stage
17. Tenant Selection Policy	Marketing Stage
18. Copy of Lease Agreement	Marketing Stage
19. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
20. Project Operating Budget	Annual submission
21. Audited Yearly Income Expense Report for the Project	Annual submission

LOAN RIDER
(Borrower's Limited Partner Provisions)

This Loan Rider (the "Rider") is attached to and made a part of that certain Deed of Trust dated as of November _____, 2014 (the "Mortgage") given by Camp Anza, L.P. (the "Borrower") in favor of County of Riverside ("Lender") and, and modifies the Mortgage and all of the other documents entered into by Borrower in connection with the Loan (collectively, the "Loan Documents") respecting that certain \$500,000 mortgage loan from Lender (the "Loan"), all with respect to the development of a 30 unit affordable housing multifamily residential development, situated in Riverside, California (the "Project"). The Borrower and Lender hereto agree that the following terms and agreements shall be part of and shall modify or supplement each of the Loan Documents, and shall prevail in the event of conflict or inconsistency between this Rider and the Loan Documents:

1. **General Partner Change.** The withdrawal, removal, transfer and/or replacement of the general partner of Borrower so long as Borrower or an entity controlled by Borrower continues in control, pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of Borrower ("Borrower's Partnership Agreement") shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan; provided that Borrower notifies the Lender in writing of any proposed replacement general partner prior to replacement and submits to Lender for review and approval (which approval shall not be unreasonably withheld, conditioned, or delayed) documentation reasonably demonstrating that the proposed transfer complies with the standards set forth above and, upon replacement, shall notify the Lender in writing of the name and contact information of the replacement general partner within 15 business days of such replacement.

2. **Transfer of Limited Partner Interests.** Lender hereby consents to any transfers, sales or assignments of limited partnership interests in Borrower to any Affiliate of Borrower's limited partner, U.S. Bancorp Community Development Corporation (the "Limited Partner") or any entity in which the Limited Partner, or an Affiliate, is the manager or managing general partner and agrees that such transfers shall not constitute defaults under the Loan Documents; provided the Limited Partner shall first submit to Lender for review and approval (which approval shall not be unreasonably withheld, conditioned, or delayed) documentation reasonably demonstrating that that the proposed transfer, sale or assignment complies with the standards set forth in this Paragraph 2 above.

The term "Affiliate" used herein means (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term "control" as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the

controlled entity. It shall also be a presumption that the managing General Partner of a limited partnership controls the limited partnership.

The term "Person" used herein shall mean an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign

3. **Replacement of Management Agent.** The Lender acknowledges that Borrower's Limited Partner has the right, under the Borrower's Partnership Agreement, to direct the general partner to remove the Project property management agent. Borrower shall give Lender written notice of the proposed replacement management agent, and the Lender agrees to consent to same, assuming that such replacement property manager is acceptable to Borrower's Limited Partner and has experience in managing projects occupied by low-income households pursuant to Section 42 of the Internal Revenue Code.

4. **Notice.** All notices to Borrower's Limited Partner shall be sent in accordance with the procedures for delivering notices set forth in the Loan Documents to the following address or such alternate or additional contact names and/or addresses of which Lender is so notified in writing by the Limited Partner:

**U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Director of Asset Management
Phone: (314) 335-2600**

With a copy to:

**Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd., 4th Floor
Chicago, IL 60661
Attn: Bennett P. Applegate**

5. **Notice and Cure Rights.** The Lender agrees to give Borrower's Limited Partner written notice of any and all defaults by the Borrower under the Loan Documents, and an opportunity, at the Limited Partner's option, to cause the cure of such default within the cure periods set forth in the Loan Documents, prior to exercising any remedies under the Loan Documents. The Lender agrees that the Limited Partner will have ten (10) days after the delivery of such notice to the Limited Partner to cure, or cause the cure of a monetary default under the Loan Documents, and thirty (30) days (or such longer period as is set forth in the Loan Documents) after delivery of such notice to the Limited Partner to cure any non-monetary defaults under the Loan Documents, or, as to non-monetary defaults, such longer period as is reasonably necessary for the Limited Partner to cause cure, provided that cure is commenced within the above cure period and diligently prosecuted, including, without limitation, such time period as is necessary to remove Borrower's general partner, if necessary in order to effect a cure, but in no event shall such cure period exceed ninety (90) days. The Lender agrees to accept cure by the Limited Partner as if such cure were made by Borrower. In no event shall Lender be

precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

6. **Insurance and Condemnation Proceeds.** The Lender agrees that insurance and condemnation proceeds shall be used to rebuild or restore the Project pursuant to the Loan Documents provided that (i) if such proceeds are not reasonably sufficient to so rebuild or repair, sufficient additional funds are provided from other sources (not from Lender) to rebuild or restore the Project and (ii) Lender shall have the right, but not the obligation, to reasonably approve plans and specifications for any major rebuilding and the right, but not the obligation, to reasonably approve disbursement of such proceeds under a construction escrow or similar arrangement, subject to the prior rights of any senior lenders.

7. **Partial Subordination to Section 42 Extended Use Commitment.** Notwithstanding anything herein to the contrary, if the Lender takes title to the Project through foreclosure or deed of lieu of foreclosure, the Property shall remain subject to the provisions of Section 42(h)(6)(E)(ii) of the Internal Revenue Code or any similar successor provision of the Code. This section shall apply notwithstanding the order of recording of any of the Loan Documents and the Extended Use Commitment, executed in connection with the allocation of federal low income housing tax credits to the Borrower for the Project pursuant to Section 42 of such Code.

8. **Partnership Agreement.** No consents shall be required for amendments to the Borrower's Partnership Agreement provided such amendments are consistent with the Loan Documents and Borrower submits a copy of such amended agreement to Lender. Lender's waiver of consent in the immediately preceding sentence shall not operate as a waiver of any of Lender's consent rights set forth in any of the Loan Documents..

EXHIBIT "B"

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn. Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

This DEED OF TRUST is made this _____ day of _____, 2014 by CAMP ANZA, L.P., a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 1230 Columbia Street, Suite 950, San Diego, CA 92101 to Chicago Title Company, (hereinafter called "Trustee"), for the benefit of the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the "Trust Estate"):

(A) That certain fee interest in the real property in the City of Riverside, County of Riverside, State of California more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

(B) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(C) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or

occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(F) all present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the Trustorship, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");

(b) that certain Loan Agreement for the Use of HOME Funds dated _____, 2014 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and

(c) that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").

2. payment of indebtedness of the Trustor to the Beneficiary not to exceed FIVE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$500,000.00) (the "HOME Loan") according to the terms of the Note.

Said Note, HOME Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note, HOME Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, HOME Loan Agreement and Covenant Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the HOME Loan Agreement.

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity of the HOME Loan shall be the first to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement) (the "HOME Loan Term").

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HOME Loan Agreement and Covenant Agreement at the time and in the manner respectively provided therein.

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the HOME Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the HOME Loan Agreement and Covenant Agreement.

5. Payment of Principal and Interest; Prepayment and Late Charges. Trustor shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.

6. Taxes and Insurance. Trustor shall pay before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust.

a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

7. Application of Payments. Unless applicable law provides otherwise, all payments received by Beneficiary under **Sections 5 and 6** shall be applied: first, to amounts payable under **Section 2**; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

8. Prior Deeds of Trust; Charge; Liens. Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods. Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor

makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

a. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

9. Fourth Priority Position. This Deed of Trust shall be recorded in a fourth priority position junior in priority to the following instruments, (i) Deed of Trust executed by Borrower for the benefit of U.S. Bank National Association ("Senior Lender" or "Senior Lienholder") securing a construction loan in a principal amount up to \$8,000,000 ("Senior Loan"), (2) a Deed of Trust executed by Borrower for the benefit of the Housing Authority of the City of Riverside securing a loan in an amount up to \$2,266,260, and (3) a Deed of Trust executed by Borrower for the benefit of the City of Riverside securing a loan in an amount up to \$632,732. Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.

10. Hazard or Property Insurance. Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the HOME Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Trustor determines that such restoration or repair is economically feasible

and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

d. Notwithstanding the above, the Beneficiary's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of a Senior Lien Holder, if any, to collect and apply such proceeds in accordance with a Senior Lien Holder deed of trust.

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

a. The Trustor acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

a. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.

13. Not used

14. Inspection. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.

15. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of a Senior Lien Holder Deed of Trust, if any.

a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to

Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.

16. Trustor Not Released; Forbearance By Beneficiary Not a Waiver. Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

17. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. Loan Charges. If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

19. Notices. Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the HOME Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

20. Governing Law; Severability. This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

21. Trustor's Copy. Trustor shall be given one conformed copy of the Note and of this Deed of Trust.

22. Transfer of the Property or a Beneficial Interest in Trustor. Except as otherwise allowed under the HOME Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of the HOME Program) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior Lien Holder, prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

b. Notwithstanding anything to the contrary contained herein, the transfer of the limited partner interest to the investment limited partner or the assignment of that interest to a limited liability company or limited partnership in which the investor limited partner or an affiliate is the managing member or general partner, respectively, shall not constitute a prohibited transfer under this Deed of Trust.

23. Trustor's Right to Reinstate. If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees;

and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

24. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 19** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

25. No Assignment. The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent and the construction period senior lender.

26. Hazardous Substances. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

a. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. Acceleration; Remedies. Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than sixty (60) calendar days from the date of the mailing of the notice for a

monetary default, or a date, which shall not be more than ninety (90) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, the investor limited partner, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

28. Release. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs. The lien of the Covenant Agreement shall not be released or reconveyed until the expiration of the term set forth therein.

29. Substitute Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

30. Modification of Senior Loan Documents. Any agreement or arrangement, in which a Senior Lien Holder waives, postpones, extends, reduces, or modifies any provisions of the Senior Lien Holder Deeds of Trust loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

31. Prohibition against tenancy under foreclosure. Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

32. General Partner Change. Except as otherwise provided in the HOME Loan Agreement, the withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Secured Obligations, and any such actions shall not accelerate the maturity of the HOME Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by Beneficiary necessary and adequate to fulfill the obligations undertaken in the HOME Loan Agreement, as amended.

33. Removal, Demolition or Alteration of Personal Property and Fixtures. Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

[Remainder of Page Blank]

[Signatures on Following Page]

BY SIGNING BELOW, TRUSTOR accepts and agrees to the terms and covenants contained in this Deed of Trust.

TRUSTOR:

Camp Anza, L.P.,
a California limited partnership

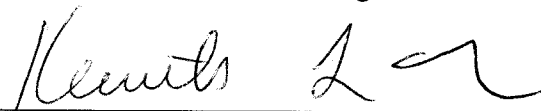
By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Larry Haynes, Executive Director

Date: _____

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co-General Partner

By: Wakeland Housing and Development Corporation,
a California nonprofit benefit corporation,
its Sole Member and Manager

By: 

Kenneth L. Sauder, President/CEO

Date: October 17, 2014

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF San Diego }

On Oct. 17, 2014, before me, Victoria E. Periola, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Kenneth L. Sauder
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(ies), and that by his/~~her~~/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

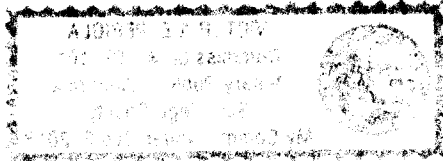
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature Victoria E. Periola
Signature of Notary Public

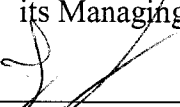


BY SIGNING BELOW, TRUSTOR accepts and agrees to the terms and covenants contained in this Deed of Trust.

TRUSTOR:

Camp Anza, L.P.,
a California limited partnership

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: 

Larry Haynes, Executive Director

Date: 10/20/14

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co-General Partner

By: Wakeland Housing and Development Corporation,
a California nonprofit benefit corporation,
its Sole Member and Manager

By: _____
Kenneth L. Sauder, President/CEO

Date: _____

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

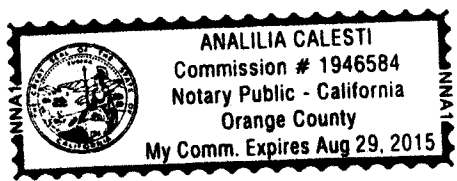
STATE OF CALIFORNIA }

COUNTY OF Orange }

On October 20, 2014, before me, Analilia Calesti - Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Larry Haynes
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~/she/they executed the same in ~~his~~/her/their authorized capacity(ies), and that by ~~his~~/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Analilia Calesti
Signature of Notary Public

Place Notary Seal Above

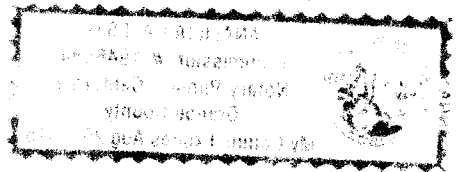


EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the City of Riverside, County of Riverside, State of California, described as follows:

PARCEL 1

LOT 111 TOGETHER WITH LOTS 112 THROUGH 116 OF CAMP ANZA SUBDIVISION NO. 1 AS SHOWN BY MAP ON FILE IN BOOK 22, PAGES 81 AND 82 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA:

EXCEPTING THEREFROM THE SOUTHERLY 20.00 FEET OF SAID LOT 111 OF CAMP ANZA SUBDIVISION NO. 1

APN: 151-123-015

EXHIBIT "C"

PROMISSORY NOTE

\$500,000

Riverside, CA

In installments as hereafter stated, for value received, Camp Anza, L.P., a California Limited Partnership ("Borrower") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555Arlington Avenue, Riverside, CA 92504, the sum of Five Hundred Thousand and No/100 Dollars (U.S. \$500,000.00) (the "HOME Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the "Note") is given in accordance with that certain Loan Agreement for the Use of HOME Funds executed by COUNTY and Borrower, dated as of _____ recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith (the "HOME Loan Agreement"). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the HOME Loan Agreement. The Note is secured by a Deed of Trust executed by Borrower for the benefit of the County recorded on or about the date hereof in the Official Records of the County of Riverside (the "HOME Deed of Trust"). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County ("Official Records"), between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount based upon the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the first to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HOME Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the

Notice of Completion for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above.

- (5) The Project's Residual Receipts are defined as gross receipts, less the following, but not including the Monitoring Fee: i) auditing and accounting fees; ii) property management fee not to exceed \$55 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year; iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) replacement reserves in an annual amount up to \$7,500; v) operating reserves in an annual amount up to \$99,316 vi) deferred developer's fee; vii) a General Partner management fee, which shall be in the initial amount of \$25,000; and viii) a Limited Partnership asset management fee not to exceed \$8,500 per year; ix) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and x) the COUNTY's Annual Monitoring Fee in the amount of \$3,000, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the County's annual monitoring fee shall remain the same as the immediate preceding year .
- (6) The HOME Loan evidenced by this Note is secured by that certain Deed of Trust executed by Borrower for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in

any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 20, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (9) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the HOME Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of U.S. Bank National Association securing a construction loan in a principal amount up to \$8,000,000; and/or (ii) that certain Deed of Trust executed by Borrower for the benefit of the Housing Authority of the City of Riverside securing a loan in an amount up to \$2,266,260; and/or (iii) that certain Deed of Trust executed by Borrower for the benefit of the City of Riverside securing a loan in an amount up to \$632,732, (collectively the "Permitted Deeds of Trust"); and/or (iv) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval, including, but not limited to those liens or encumbrances expressly prohibited under the HOME Loan Agreement or that have the effect of reducing the priority or invalidating the Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under

the HOME Loan Agreement, and/or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of U.S. Bank National Association securing a construction loan in a principal amount up to \$8,000,000; and/or (ii) that certain Deed of Trust executed by Borrower for the benefit of the Housing Authority of the City of Riverside securing a loan in an amount up to \$2,266,260; and/or (iii) that certain Deed of Trust executed by Borrower for the benefit of the City of Riverside securing a loan in an amount up to \$632,732; and/or (iv) any other instrument or document secured against the Property;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the HOME Loan Agreement; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have sixty (60) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become immediately due at the

option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the Permitted Deeds of Trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21) (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be

sent in the same manner to such other addresses as either party may from time to time designate by mail.

(b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 5555 Arlington Avenue, Riverside, California 92504, Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

(c) The address of Borrower for purposes of receiving notices pursuant to this Note is 1230 Colombia Street, Suite 950, San Diego, CA 92101, Attention: Kenneth L. Sauder. The facsimile number for Borrower's receipt of notices is (619) 235-5386. Copies of all notices to Borrower shall also be delivered to Borrower's limited partner at the address below:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn: Director of LIHTC Project Management
Phone: (314) 335-2600
Fax: (314) 335-2601

- (22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first set forth above.

BORROWER:

Camp Anza, L.P.,
a California limited partnership


By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: _____
Larry Haynes, Executive Director

Date: _____

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co-General Partner

By: Wakeland Housing and Development Corporation,
a California nonprofit benefit corporation,
its Sole Member and Manager

By: 

Kenneth L. Sauder, President/CEO

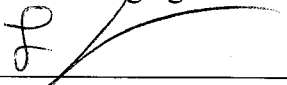
Date: October 17, 2014

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first set forth above.

BORROWER:

Camp Anza, L.P.,
a California limited partnership

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corporation,
its Managing General Partner

By: 

Larry Haynes, Executive Director

Date: 10/20/14

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co-General Partner

By: Wakeland Housing and Development Corporation,
a California nonprofit benefit corporation,
its Sole Member and Manager

By: _____
Kenneth L. Sauder, President/CEO

Date: _____

EXHIBIT "D"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

**SECTION 3
24 CFR PART 135**

**ECONOMIC OPPORTUNITIES FOR
LOW-AND VERY LOW-INCOME PERSONS**

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

- (1) Recipients and covered contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in this Section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (2) The goals established in this section apply to the entire amount of the Section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY) commencing with the first FY following the effective date of this rule - (October 1, 1994).
- (3) For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (4) The numerical goals established in this Section represent minimum numerical goals.

B. TRAINING AND EMPLOYMENT

The numerical goals set forth in this Section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.

Recipients of Section 3 covered community development assistance, and their contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to employ Section 3 residents as:

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and

- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

Numerical goals set forth in this Section apply to contracts awarded in connection with all Section 3 covered project and Section 3 covered activities. Each recipient and contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10 percent to of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least three (3) percent of the total dollar amount of all other Section 3 covered contracts.

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

- (1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements.
- (2) In evaluating compliance, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in Sec. 135.40, which were provided in its efforts to comply with Section 3 and the requirement of this part.

III. SECTION 135.34 Preference for Section 3 Residents in Training and Employment Opportunities.

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)
- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

IV SECTION 135.36 Preference for Section 3 Business Concerns in Contracting Opportunities.

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
 - (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
 - (iii) Other Section 3 business concerns.
- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.
- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.
- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
- (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

Applicant means any entity which makes an application for Section 3 covered assistance and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contract. See the definition of "Section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Department or HUD means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered assistance means (with respect to Section 3 covered housing and community development assistance), this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3(a) (2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs, include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and

training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

Low income person. See the definition of "Section 3 Resident" in this section.

New hires mean full-time employees for permanent, temporary, or seasonal employment opportunities.

Public Housing resident has the meaning given this term in 24 CFR Part 963.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)

Section 3 Business Concern means a business concern, as defined in this Section:

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in Sections (1) or (2) in this definition of "Section 3 Business Concern"

Section 3 Clause means the contract provisions set forth in Sec. 135.38.

Section 3 covered activity means any activity which is funded by Section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement):
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

- (1) A public housing resident; or
- (2) An individual who resides in the San Bernardino or Riverside County, and who is:
 - (i) A low income person, is defined as families whose incomes do not exceed 80 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (ii) A very low income person, is defined as families whose incomes do not exceed 50 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (iii) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low income person. See the definition of "Section 3 resident" in this section.

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

I, _____, hereby certify that the business
(print name and title)

known as _____
(print business name)

_____ is not a Section 3 business. (Please complete the bottom section.)

_____ is a Section 3 business **because** (check one of the following):

_____ *51 percent or more is owned by Section 3 residents; or*

_____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*

_____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

The business was formed in accordance with state law and is licensed under state, county, or municipal law to engage in the business activity for which it was formed.

A Section 3 Resident is a person living in San Bernardino or Riverside County who is a Public Housing resident or who is low income.

Low-Income Persons mean families (including single persons) whose income does not exceed 80 percent of the median income, as adjusted by HUD, for Riverside and San Bernardino Counties.

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2014 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100

A new hire is qualified as a Section 3 resident if he/she resides in Riverside or San Bernardino County and his/her total family income is less than the family income shown above for his/her household size.

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

(a) **Applicability.** In the procurement of property and services by participating jurisdictions, State recipients, and sub-recipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.

(b) **Conflicts prohibited.** No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) **Persons covered.** The conflict of interest provisions of **paragraph (b)** of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of COUNTY, State recipient, or sub-recipient which are receiving HOME funds.

(d) **Exceptions: Threshold requirements.** Upon the written request of the recipient, HUD may grant an exception to the provisions of **paragraph (b)** of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(e) **Factors to be considered for exceptions.** In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of **paragraph (d)** of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

g. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

h. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive

generally the same interests or benefits as are being made available or provided to the group or class;

- i. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- j. Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- k. Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- l. Any other relevant considerations.

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and

- (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant
Policy Manual, I.D. # A-11

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY
DATE: MARCH 1999

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations. "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
 - i) The employee, officer or agent;
 - ii) Any member of the immediate family;
 - iii) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of **Section 4**, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

11/04/2014, File No: HM1-14-001
Home Front at Camp Anza, City of Riverside

Exhibit F: Sample Tenant Checklist

Insert a check mark for each item that is relevant to the family below

Project Name:
Address:

Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recent Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races		

Prepared by:
Title:
Phone Number:

Problems or questions please call Juan Garcia at (951) 343-5473
If you would like this form prepared on Microsoft Excel e-mailed to you, please contact jugarcia@rivcoeda.org

EXHIBIT "G"

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn. Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **COVENANT AGREEMENT**

15 **(Home Front at Camp Anza)**

16 This Covenant Agreement (Home Front at Camp Anza) ("Covenant") is made and
17 entered into as of the day of _____, 2014 by and between the COUNTY OF
18 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and CAMP
19 ANZA, L.P., a California Limited Partnership ("Camp Anza, L.P.") whose managing general
20 partner is Mercy House CHDO, Inc. a California nonprofit public benefit corporation, and Co-
21 General Partner is Wakeland Camp Anza, LLC, a California limited liability company, whose
22 sole member and manager is Wakeland Housing and Development Corporation ("Wakeland"), a
23 California nonprofit public benefit corporation.

24 **RECITALS**

25 WHEREAS, Camp Anza, L.P. owns that certain real property located north of Philbin
26 Avenue, between Picker and Wohlstetter Streets, at 5797 Picker Street, in the City of Riverside,
27 Assessor's Parcel Number(S): 151-123-015, legally described in Exhibit A attached hereto and
28 incorporated herein by this reference (the "Property");

WHEREAS, on _____, 2014, COUNTY and Camp Anza, L.P.
entered into that certain Loan Agreement for the Use of HOME Funds recorded in the Official
Records ("Official Records") of the County of Riverside concurrently herewith (the "HOME

1 Loan Agreement”) which provides for, among other things, the development and construction on
2 the Property of an affordable multi-family housing complex identified as “Home Front at Camp
3 Anza,” a portion of which will be for low and very low-income families (the “Project”).
4 Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan
5 Agreement;

6 WHEREAS, the County was qualified by the United States Department of
7 Housing and Urban Development (“HUD”) as an “Urban County” and an approved
8 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
9 Partnerships Act and HOME Investment Partnerships Program, Title II of the Cranston-
10 Gonzalez National Affordable Housing Act , as amended (commencing at 42 U.S.C. 12701 et
11 seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the “HOME
12 Program”), for the purposes of providing decent, safe, sanitary, and affordable housing with
13 primary attention to rental housing, for low-income families; to strengthen public-private
14 partnerships to carry out affordable housing programs; and to provide for coordinated
15 assistance to participants in the development of affordable low-income housing;

16 WHEREAS, pursuant to the HOME Loan Agreement, County loaned to Camp Anza,
17 L.P., \$500,000 consisting of HOME community housing development organization (“CHDO”)
18 set-aside funds (“HOME Loan”), to provide financial assistance to Camp Anza, L.P., to pay a
19 portion of the costs related to the Project, as more fully described in the HOME Loan
20 Agreement. The HOME Loan is evidenced by a Promissory Note executed by Camp Anza, L.P.,
21 in favor of the COUNTY dated on or about the date hereof (“HOME Loan Note”)and secured by
22 that certain Deed of Trust executed by Camp Anza, L.P., for the benefit of COUNTY and
23 recorded in the Official Records concurrently herewith (“HOME Loan Deed of Trust”) ; and

24 WHEREAS, pursuant to the HOME Loan Agreement, Camp Anza, L.P. has agreed to
25 develop and construct a 30-unit apartment complex on the Property, and reserve five (5) units to
26 be rented to and occupied by qualified low and very low income households pursuant to the
27 HOME Program (“HOME-Assisted Units”) as set forth more specifically below.

1 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
2 other good and valuable consideration, the receipt and sufficiency of which are hereby
3 acknowledged, Camp Anza, L.P., on behalf of itself and its successors, assigns, and each
4 successor in interest to the Property or any part thereof, hereby declares as follows:

5 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the
6 later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last
7 building for which construction is completed for the Project on the Property, or (ii) July 1, 2072
8 (“Term”), for itself and on behalf of its successors and assigns. For the duration of the term, the
9 Property shall be held, sold and conveyed, subject to the following covenants, conditions, and
10 restrictions:

11 a) Five (5) units of the Project shall be designated as floating Low HOME
12 rent units (“COUNTY HOME-Assisted Units”) as defined under 24 CFR 92.252 as published by
13 the United States Departments of Housing and Urban Development (“HUD”). All five (5) of the
14 HOME-Assisted Units shall be limited to households whose incomes do not exceed fifty percent
15 (50%) of the median family income for the County of Riverside, adjusted by family size at the
16 time of occupancy. The COUNTY HOME Assisted Units shall be a “floating” designation such
17 that the requirements of this Agreement will be satisfied so long as the total number of
18 COUNTY HOME Assisted Units remains the same throughout the Affordability Period and each
19 substituted COUNTY HOME Assisted Unit is comparable in terms of size, features, and number
20 of bedrooms to the originally designated COUNTY HOME Assisted Units;

21 b) The City of Riverside is contributing \$632,732 in HOME funds and is
22 restricting six (6) units of the Project to be designated as “City Floating Units” High HOME and
23 Low HOME rent units. Three very-low income units (comprising of 2 – 2 Bedroom and 1 – 3
24 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of the
25 median family income for the County of Riverside, adjusted by family size at the time of
26 occupancy. Three low income units (comprising of 1 – 2 Bedroom and 2 – 3 Bedroom) shall be
27
28

1 limited to households whose incomes do not exceed eighty percent (80%) of the median family
2 income for the County of Riverside, adjusted by family size at the time of occupancy;

3 c) Rent limitations are set forth under 24 CFR 92.252 and the COUNTY
4 HOME Assisted Units shall be rented to income qualified applicants at the Low HOME rent
5 levels for the County of Riverside, which are published periodically by HUD;

6 d) Veterans Preference: To the extent permitted by law, preference shall be
7 given to tenant applicants in the following order of priority: first to qualified low income
8 services-disabled veteran households, qualified low income veteran households, and qualified
9 low income households; and

10 e) Camp Anza, L.P., shall comply with the terms of the HOME Loan
11 Agreement, HOME Loan Note, HOME Loan Deed of Trust and any other instrument secured
12 against the Property.

13 2) SUBORDINATION. This Covenant Agreement shall be recorded in the fourth
14 position junior to the following liens (1) a construction loan from U.S. Bank National
15 Association in a principal amount up to \$8,000,000, (2) a loan from the Housing Authority of the
16 City of Riverside in an amount up to \$2,266,260, and (3) a loan from the City of Riverside in an
17 amount up to \$632,732.

18 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
19 Covenant, Camp Anza, L.P. for itself and on behalf of its successors and assigns, shall adhere to
20 and comply with all federal, state and local laws, regulations and ordinances., including, but not
21 limited to the following:

22 a) The HOME Investment Partnership Program as enacted under Title II of
23 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
24 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time,
25 including, but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252,
26 24 CFR 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing
27 regulations set forth in the Final Rule, as it now exists and may hereafter be amended.

1 b) 24 CFR Section 92.350 Other Federal requirements and
2 nondiscrimination. As set forth in 24 CFR part 5, Subpart A, Camp Anza, L.P. is required to
3 include the following requirements: nondiscrimination and equal opportunity under Section 282
4 of the Act; disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.

5 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach
6 program. Camp Anza, L.P. must adopt affirmative marketing procedures and requirements.
7 These must include:

8 (7) Methods for informing the public, owners, and potential
9 tenants about Federal fair housing laws and the affirmative marketing policy (e.g., the use of the
10 Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners,
11 and written communication to fair housing and other groups).

12 (8) Requirements and practices that Camp Anza, L.P. must
13 adhere to in order to carry out the affirmative marketing procedures and requirements (e.g., use
14 of commercial media, use of community contacts, use of the Equal Housing Opportunity
15 logotype or slogan, and display of fair housing poster).

16 (9) Procedures to be used by Camp Anza, L.P. to inform and
17 solicit applications from persons in the housing market area who are not likely to apply without
18 special outreach (e.g., use of community organizations, employment centers, fair housing
19 groups, or housing counseling agencies).

20 (10) Records that will be kept describing actions taken by
21 Camp Anza, L.P. to affirmatively market units and records to assess the results of these actions.

22 (11) A description of how Camp Anza, L.P. will annually
23 assess the success of affirmative marketing actions and what corrective actions will be taken
24 where affirmative marketing requirements are not met.

25 (12) Camp Anza, L.P. must prescribe procedures to establish
26 and oversee a minority outreach program to ensure the inclusion, to the maximum extent
27 possible, of minorities and women, and entities owned by minorities and women, including,
28

1 without limitation, real estate firms, construction firms, appraisal firms, management firms,
2 financial institutions, investment banking firms, underwriters, accountants, and providers of
3 legal services, in all contracts entered into by Camp Anza, L.P. with such persons or entities,
4 public and private, in order to facilitate the activities of County to provide affordable housing
5 authorized under this Act or any other Federal housing law. Section 24 CFR 85.36(e) provided
6 affirmative steps to assure that minority business enterprises and women business enterprises
7 are used when possible in the procurement of property and services. The steps include:

8 (i) Placing qualified small and minority businesses and
9 women's business enterprises on solicitation lists.

10 (ii) Assuring that small and minority businesses, and women's
11 business enterprises are solicited whenever they are
12 potential sources.

13 (iii) Dividing total requirements, when economically feasible,
14 into smaller tasks or quantities to permit maximum
15 participation by small and minority business, and women's
16 business enterprises.

17 (iv) Establishing delivery schedules, where the requirement
18 permits, which encourage participation by small and
19 minority business, and women's business enterprises.

20 (v) Using the services and assistance of the Small Business
21 Administration, and the Minority Business Development
22 Agency of the Department of Commerce.

23 4) TENANT PROTECTIONS. Camp Anza, L.P. shall provide protection to the
24 tenants of the COUNTY HOME Assisted Units in accordance with the requirements set forth at
25 24 CFR 92.253 and described as follows:

26 a) Provide written lease agreement for not less than one year, unless by
27 mutual agreement between the tenant and Camp Anza, L.P. County shall review the initial
28

1 form of the lease agreement prior to Camp Anza, L.P. executing any leases and, provided that
2 Camp Anza, L.P. uses the approved lease form, Camp Anza, L.P. shall be permitted to enter
3 into residential leases without County's prior written consent.

4 b) Prohibited Lease Terms. The rental agreement/lease may not contain any
5 of the following provisions:

6 (9) *Agreement to be sued*. Agreement by the tenant to be sued, to
7 admit guilt or to a judgment in favor of Camp Anza, L.P. in a
8 lawsuit brought in connection with the lease.

9 (10) *Treatment of property*. Agreements by tenant that Camp Anza,
10 L.P. may take, hold, or sell personal property of household
11 members without notice to the tenant and a court decision on the
12 rights of the parties. This prohibition, however, does not apply to
13 an agreement by the tenant concerning disposition of personal
14 property remaining in the housing unit after the tenant has moved
15 out of the unit. Camp Anza, L.P. may dispose of this personal
16 property in accordance with State law.

17 (11) *Excusing Camp Anza, L.P. from responsibility*. Agreement by the
18 tenant not to hold Camp Anza, L.P. or Camp Anza, L.P.'s agents
19 legally responsible for any action or failure to act, whether
20 intentional or negligent.

21 (12) *Waiver of notice*. Agreement of the tenant that Camp Anza, L.P.
22 may institute a lawsuit without notice to the tenant.

23 (13) *Waiver of legal proceeding*. Agreement by the tenant that the
24 Camp Anza, L.P. may evict the tenant or household members
25 without instituting a civil court proceeding in which the tenant has
26 the opportunity to present a defense, or before a court decision on
27 the rights of the parties.

1 (14) *Waiver of a jury trial.* Agreement by the tenant to waive any right
2 to a trial by jury.

3 (15) *Waiver of right to appeal court decision.* Agreement by the tenant
4 to waive the tenant's right to appeal, or to otherwise challenge in
5 court, a court decision in connection with the lease.

6 (16) *Tenant chargeable with cost of legal actions regardless of*
7 *outcome.* Agreement by the tenant to pay attorneys' fees or other
8 legal costs even if the tenant wins in a court proceeding by Camp
9 Anza, L.P. against the tenant. The tenant, however, may be
10 obligated to pay costs if the tenant loses.

11 (17) *Mandatory supportive services.* Agreement by the tenant (other
12 than a tenant in transitional housing) to accept supportive services
13 that are offered.

14 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,
15 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against
16 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322,
17 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due
18 to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires
19 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a
20 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied
21 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of
22 violence committed against them. It extends housing protections to survivors of sexual assault,
23 and adds "intimate partner" to the list of eligible relationships in the domestic violence
24 definition. Protections also now cover an "affiliated individual," which includes any lawful
25 occupant living in the survivor's household, or related to the survivor by blood or marriage
26 including the survivor's spouse, parent, brother, sister, child, or any person to whom the
27 survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful
28

1 occupant who engages in criminal activity directly relating to domestic violence, dating
2 violence, sexual assault, or stalking against an affiliated individual or other individual, or
3 others may be evicted or removed without evicting or removing or otherwise penalizing a
4 victim who is a tenant or lawful occupant. If victim cannot establish eligibility, Camp Anza,
5 L.P. must give a reasonable amount of time to find new housing or establish eligibility under
6 another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be
7 provided at the time a person applies for housing, when a person is admitted as a tenant of a
8 housing unit, and when a tenant is threatened with eviction or termination of housing benefits.
9 Tenants must request an emergency transfer and reasonably believe that they are threatened
10 with imminent harm from further violence if the tenant remains in the same unit. The
11 provisions of VAWA 2013 that are applicable to HUD programs are found in title VI of
12 VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating
13 Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N of
14 VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

15 5) MAINTENANCE OF THE IMPROVEMENTS. Camp Anza, L.P., on behalf of
16 itself and its successors, assigns, and each successor in interest to the Property and Project or any
17 part thereof hereby covenants to and shall protect, maintain, and preserve the Property in
18 compliance with all applicable federal and state law and regulations and local ordinances. In
19 addition, Camp Anza, L.P., its successors and assigns, shall maintain the improvements on the
20 Property in the same aesthetic and sound condition (or better) as the condition of the Property at
21 the time of the recordation of the Notice of Completion for the Project, reasonable wear and tear
22 excepted. This standard for the quality of maintenance of the Property shall be met whether or
23 not a specific item of maintenance is listed below. However, representative items of maintenance
24 shall include frequent and regular inspection for graffiti or damage or deterioration or failure,
25 and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc.,
26 as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks
27 adjacent to the Property, on-site walks and paved areas and washing-down as necessary to
28

1 maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition,
2 including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a
3 regular basis; painting the buildings on a regular program and prior to the deterioration of the
4 painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a
5 leak-free and weather-tight condition; maintaining security devices in good working order. In the
6 event Camp Anza, L.P., its successors or assigns fails to maintain the Property in accordance
7 with the standard for the quality of maintenance, the County or its designee shall have the right
8 but not the obligation to enter the Property upon reasonable notice to Camp Anza, L.P., correct
9 any violation, and hold Camp Anza, L.P., or such successors or assigns responsible for the cost
10 thereof, and such cost, until paid, shall constitute a lien on the Property.

11 6) NONDISCRIMINATION. Camp Anza, L.P. shall not discriminate on the basis
12 of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the
13 solicitation, selection, hiring or treatment of any contractors or consultants, to participate in
14 subcontracting/subconsulting opportunities. Camp Anza, L.P. understands and agrees that
15 violation of this clause shall be considered a material breach of this Lease and may result in
16 termination, debarment or other sanctions. This language shall be incorporated into all contracts
17 between Camp Anza, L.P. and any contractor, consultant, subcontractor, subconsultants, vendors
18 and suppliers. Camp Anza, L.P. shall comply with the provisions of the California Fair
19 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
20 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
21 issued pursuant to said Acts and Orders with respect to its use of the Property.

22 Camp Anza, L.P. herein covenants by and for itself, its successors and assigns, and all
23 persons claiming under or through them, that this Covenant is made and accepted upon and
24 subject to the following conditions: There shall be no discrimination against or segregation of
25 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
26 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
27 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of
28

1 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
2 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
3 establish or permit any such practice or practices of discrimination or segregation with reference
4 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
5 or vendees of the Property.

6 Camp Anza, L.P., its successors and assigns, shall refrain from restricting the rental, sale,
7 or lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex,
8 sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease,
9 and contract entered into with respect to the Property, or any portion thereof, after the date of this
10 Agreement shall contain or be subject to substantially the following nondiscrimination or
11 nonsegregation clauses:

12 a) In deeds: "The grantee herein covenants by and for himself or herself, his
13 or her heirs, executors, administrators, and assigns, and all persons claiming under or
14 through them, that there shall be no discrimination against or segregation of, any person
15 or group of persons on account of any basis listed in subdivision (a) or (d) of Section
16 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
17 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
18 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
19 tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person
20 claiming under or through him or her, establish or permit any practice or practices of
21 discrimination or segregation with reference to the selection, location, number, use or
22 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
23 conveyed. The foregoing covenants shall run with the land."

24 b) In leases: "The lessee herein covenants by and for himself or herself, his
25 or her heirs, executors, administrators, and assigns, and all persons claiming under or
26 through him or her, and this lease is made and accepted upon and subject to the following
27 conditions: That there shall be no discrimination against or segregation of any person or
28

1 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
2 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
3 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
4 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
5 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
6 or any person claiming under or through him or her, establish or permit any such practice
7 or practices of discrimination or segregation with reference to the selection, location,
8 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
9 premises herein leased.”

10 c) In contracts: “There shall be no discrimination against or segregation of
11 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of
12 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
13 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
14 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
15 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
16 claiming under or through him or her, establish or permit any such practice or practices of
17 discrimination or segregation with reference to the selection, location, number, use, or
18 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

19 In addition to the obligations and duties of Camp Anza, L.P. set forth herein, Camp Anza,
20 L.P. shall, upon notice from County, promptly pay to County all fees and costs, including
21 administrative and attorneys’ fees, incurred by County in connection with responding to or
22 defending any discrimination claim brought by any third party and/or local, state or federal
23 government entity, arising out of or in connection with the Agreement or this Covenant.

24 7) INSURANCE. Without limiting or diminishing Camp Anza, L.P.’s obligation to
25 indemnify or hold County harmless, Camp Anza, L.P. shall procure and maintain or cause to be
26 maintained, at its sole cost and expense, the following insurance coverage’s during the term of
27 this Covenant.

- 1 a) Worker's Compensation Insurance. If Camp Anza, L.P. has employees as defined by the
2 State of California, Camp Anza, L.P. shall maintain statutory Workers' Compensation
3 Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall
4 include Employers' Liability (Coverage B) including Occupational Disease with limits
5 not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive
6 subrogation in favor of the County of Riverside, and, if applicable, to provide a Borrowed
7 Servant/Alternate Employer Endorsement.
- 8 b) Commercial General Liability Insurance. Commercial General Liability insurance
9 coverage, including but not limited to, premises liability, contractual liability, products
10 and completed operations liability, personal and advertising injury, and cross liability
11 coverage, covering claims which may arise from or out of Camp Anza, L.P.'s
12 performance of its obligations hereunder. Policy shall name the County of Riverside, its
13 Agencies, Districts, Special Districts, and Departments, their respective directors,
14 officers, Board of Supervisors, employees, elected or appointed officials, agents or
15 representatives as Additional Insured. Policy's limit of liability shall not be less than
16 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
17 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times
18 the occurrence limit.
- 19 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance
20 of the obligations under this Covenant, then Camp Anza, L.P. shall maintain liability
21 insurance for all owned, non-owned or hired vehicles so used in an amount not less than
22 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
23 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times
24 the occurrence limit. Policy shall name the County of Riverside, its Agencies, Districts,
25 Special Districts, and Departments, their respective directors, officers, Board of
26 Supervisors, employees, elected or appointed officials, agents or representatives as
27 Additional Insured or provide similar evidence of coverage approved by County's Risk
28

1 Manager ("Risk Manager").

2 d) General Insurance Provisions – All Lines.

3 i) Any insurance carrier providing insurance coverage hereunder shall be
4 admitted to the State of California and have an A M BEST rating of not less
5 than A: VIII (A:8) unless such requirements are waived, in writing, by Risk
6 Manager. If Risk Manager waives a requirement for a particular insurer such
7 waiver is only valid for that specific insurer and only for one policy term.

8 ii) Camp Anza, L.P.'s insurance carrier(s) must declare its insurance self-insured
9 retentions. If such self-insured retentions exceed \$500,000 per occurrence
10 such retentions shall have the prior written consent of Risk Manager. Upon
11 notification of self-insured retention unacceptable to County, and at the
12 election of Risk Manager, Camp Anza, L.P.'s carriers shall either: (a) reduce
13 or eliminate such self-insured retention, or (b) procure a bond which
14 guarantees payment of losses and related investigations, claims
15 administration, and defense costs and expenses.

16 iii) Camp Anza, L.P. shall cause Camp Anza, L.P.'s insurance carrier(s) to
17 furnish the County of Riverside with copies of the Certificate(s) of Insurance
18 and Endorsements effecting coverage as required herein, and 2) if requested to
19 do so orally or in writing by Risk Manager, provide copies of policies
20 including all Endorsements and all attachments thereto, showing such
21 insurance is in full force and effect. Further, said Certificate(s) and policies of
22 insurance shall contain the covenant of the insurance carrier(s) that thirty (30)
23 days written notice shall be given to the County of Riverside prior to any
24 material modification, cancellation, expiration or reduction in coverage of
25 such insurance. Camp Anza, L.P. shall not continue operations until County
26 has been furnished Certificate(s) of Insurance and copies of endorsements and
27 if requested, copies of policies of insurance including all endorsements and
28

1 any and all other attachments as required herein. An individual authorized by
2 the insurance carrier to do so, on its behalf, shall sign the original
3 endorsements for each policy and the Certificate of Insurance.

4 iv) It is understood and agreed to by the parties hereto that Camp Anza, L.P.'s
5 insurance shall be construed as primary insurance, and County's insurance
6 and/or deductibles and/or self-insured retention's or self-insured programs
7 shall not be construed as contributory.

8 v) If, during the term of this Covenant or any extension thereof, there is a
9 material change in the scope of services or there is a material change in the
10 equipment to be used in the performance of the scope of work which will add
11 additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then
12 County reserves the right to adjust the types of insurance required under this
13 Covenant and the monetary limits of liability for the insurance coverage's
14 currently required herein, if, in Risk Manager's reasonable judgment, the
15 amount or type of insurance carried by Camp Anza, L.P. has become
16 inadequate.

17 vi) Camp Anza, L.P. shall pass down the insurance obligations contained herein
18 to all tiers of subcontractors.

19 vii) Camp Anza, L.P. agrees to notify County in writing of any claim by a third
20 party or any incident or event that may give rise to a claim arising from the
21 performance of the Agreement.

22 8) HOLD HARMLESS/INDEMNIFICATION. Camp Anza, L.P. shall indemnify
23 and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and
24 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
25 officials, employees, agents and representatives (individually and collectively hereinafter
26 referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of
27 Camp Anza, L.P., its officers, employees, subcontractors, agents or representatives arising out of
28

1 or in any way relating to this Agreement, including but not limited to property damage, bodily
2 injury, or death or any other element of any kind or nature whatsoever arising from the
3 performance of Camp Anza, L.P., its officers, employees, subcontractors, agents or
4 representatives Indemnitors from this Agreement. Camp Anza, L.P. shall defend, at its sole
5 expense, all costs and fees including, but not limited, to attorney fees, cost of investigation,
6 defense and settlements or awards, the Indemnitees in any claim or action based upon such
7 alleged acts or omissions. With respect to any action or claim subject to indemnification herein
8 by Camp Anza, L.P., Camp Anza, L.P. shall, at their sole cost, have the right to use counsel of
9 their own choice and shall have the right to adjust, settle, or compromise any such action or
10 claim without the prior consent of County; provided, however, that any such adjustment,
11 settlement or compromise in no manner whatsoever limits or circumscribes Camp Anza, L.P.'s
12 indemnification to Indemnitees as set forth herein. Camp Anza, L.P.'s obligation hereunder shall
13 be satisfied when Camp Anza, L.P. has provided to County the appropriate form of dismissal
14 relieving County from any liability for the action or claim involved. The specified insurance
15 limits required in this Agreement shall in no way limit or circumscribe Camp Anza, L.P.'s
16 obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In
17 the event there is conflict between this clause and California Civil Code Section 2782, this clause
18 shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the
19 Camp Anza, L.P. from indemnifying the Indemnitees to the fullest extent allowed by law.

20 9) NOTICES. All Notices provided for in this Covenant shall be deemed received
21 when personally delivered, or two (2) days following mailing by certified mail, return receipt
22 requested. All mailing shall be addressed to the respective parties at their addresses set forth
23 below, or at such other address as each party may designate in writing and give to the other
24 party:

26 COUNTY
27 Assistant Director, Housing
28 Riverside County

CAMP ANZA L.P.
c/o Wakeland Housing & Development Corp.
Attn: Kenneth L. Sauder

1 Economic Development Agency
2 5555 Arlington Avenue
3 Riverside, CA 92504

1230 Columbia Street, Suite 950
San Diego, CA 92101

4 10) REMEDIES. County shall have the right, in the event of any breach of any such
5 agreement or covenant, to exercise all available rights and remedies, and to maintain any actions
6 at law or suit in equity or other proper proceedings to enforce the curing of such breach of
7 agreement or covenant.

8 11) TERM. The non-discrimination covenants, conditions and restrictions contained
9 in Section 6 of this Covenant shall remain in effect in perpetuity. Every other covenant,
10 condition and restriction contained in this Covenant shall continue in full force and effect for the
11 Term, as defined in Section 1 of this Covenant.

12 12) NOTICE AND CURE. Prior to exercising any remedies hereunder, the County
13 shall give Camp Anza, L.P. notice of such default pursuant to section 9 above. Any monetary
14 default shall be cured within seven (7) days of delivery of written notice. Except as otherwise set
15 forth herein, if a non-monetary default is reasonably capable of being cured within sixty (60)
16 days of delivery of such notice of default, Camp Anza, L.P. shall have such period to effect a
17 cure prior to exercise of remedies by County. If the non-monetary default is such that it is not
18 reasonably capable of being cured within sixty (60) days of delivery of such notice of default,
19 and Camp Anza, L.P. (a) initiates corrective action within said period, and (b) diligently,
20 continually, and in good faith works to effect a cure as soon as possible, then Camp Anza, L.P.
21 shall have such additional time as is reasonably necessary to cure the default prior to exercise of
22 any remedies by the County; but in no event no later than ninety (90) days from delivery of such
23 notice of default.

24 County, upon providing Camp Anza, L.P. with any notice of default under this Covenant, shall,
25 within a reasonable time, provide a copy of such default notice to a Permitted Lender who has
26 given written notice to County of its interest in the Property and Project. From and after such
27 notice has been delivered to a Permitted Lender, such Permitted Lender shall have the same

1 period for remedying the default complained of as the cure period provided to Camp Anza, L.P.
2 pursuant to this section 12. County shall accept performance by a Permitted Lender as if the
3 same had been done by Camp Anza, L.P.

4 If a violation of any of the covenants or provisions of this Covenant remains uncured
5 after the respective time period set forth in this Section 12, County and its successors and
6 assigns, without regard to whether County or its successors and assigns is an owner of any land
7 or interest therein to which these covenants relate, may institute and prosecute any proceedings
8 at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to
9 compel specific performance by Camp Anza, L.P. of its obligations hereunder. No delay in
10 enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the
11 right of any party entitled to enforce the provisions hereof or to obtain relief against or recover
12 for the continuation or repetition of such breach or violations or any similar breach or violation
13 hereof at any later time.

14 13) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

15 Camp Anza, L.P. hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of
16 the Project, the Property or any portion thereof, without obtaining the prior written consent of
17 County, in its sole discretion. Any sale, assignment, or transfer of the Project or Property, shall
18 be memorialized an assignment and assumption agreement the form and substance of which have
19 been first approved in writing by the County in its sole discretion. Such assignment and
20 assumption agreement shall, among other things, provide that the transferee has assumed in
21 writing and in full, and is reasonably capable of performing and complying with Camp Anza,
22 L.P.'s duties and obligations under the Agreement and this Covenant, provided, however Camp
23 Anza, L.P. shall not be released of all obligations under the HOME Loan Agreement and this
24 Covenant.

25 14) AMENDMENTS OR MODIFICATIONS. This Covenant may be changed or
26 modified only by a written amendment signed by authorized representatives of both parties.

27 15) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
28

1 governed by the laws of the State of California. Any legal action related to the performance or
2 interpretation of this Covenant shall be filed only in the Superior Court of the State of California
3 located in Riverside, California, and the parties waive any provision of law providing for a
4 change of venue to another location. In the event any provision in this Covenant is held by a
5 court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions
6 will nevertheless continue in full force without being impaired or invalidated in any way

7 16) BINDING EFFECT. The rights and obligations of this Covenant shall bind and
8 inure to the benefit of the respective heirs, successors and assigns of the parties.

9 17) PERMITTED MORTGAGES. No violation or breach of the covenants,
10 conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or
11 render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted
12 by the Agreement or the lien or charge of a deed of trust made by the Camp Anza, L.P. for the
13 benefit of any lender first approved in writing by the County (each, a "Permitted Lender") and
14 nothing herein or in the Agreement shall prohibit or otherwise limit the exercise of a Permitted
15 Lender's rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure
16 and subsequent transfer thereafter.

17 18) SEVERABILITY. In any event that any provision, whether constituting a separate
18 paragraph or whether contained in a paragraph with other provisions, is hereafter determined to
19 be void and unenforceable, it shall be deemed separated and deleted from the agreement and the
20 remaining provisions of this Agreement shall remain in full force and effect.

21 19) PROJECT MONITORING AND EVALUATION.

- 22 a) Tenant Checklist. Camp Anza, L.P. shall submit a Tenant Checklist Form to COUNTY,
23 as shown in **Exhibit F** which is attached hereto and incorporated herein by this
24 reference, and may be revised by COUNTY, summarizing the racial/ethnic composition,
25 number and percentage of very low-income households who are tenants of the HOME-
26 assisted units. The Tenant Checklist Form shall be submitted upon completion of the
27 construction and thereafter, on a semi-annual basis on or before March 31 and
28

1 September 30. Camp Anza, L.P. shall maintain financial, programmatic, statistical and
2 other supporting records of its operations and financial activities in accordance with the
3 requirements of the HOME Program under 24 CFR 92.508, including the submission of
4 Tenant Checklist Form. Except as otherwise provided for in this Covenant and in the
5 Agreement, Camp Anza, L.P. shall maintain and submit records to COUNTY within ten
6 (10) business days of COUNTY's request which clearly documents Camp Anza, L.P.'s
7 performance under each requirement of the HOME Program.

8 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,
9 COUNTY must perform on-site inspections of HOME-assisted rental housing to
10 determine compliance with the property standards of §92.251 and to verify the
11 information submitted by the owners in accordance with the requirements of §92.252.
12 The inspections must be in accordance with the inspection procedures that the
13 participating jurisdiction establishes to meet the inspection requirements of §92.251. The
14 on-site inspections must occur at least once every 3 years thereafter during the period of
15 affordability. If there are observed deficiencies for any of the inspectable items in the
16 property standards established by COUNTY, in accordance with the inspection
17 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are
18 corrected must occur within 12 months. COUNTY may establish a list of non-hazardous
19 deficiencies for which correction can be verified by third party documentation (e.g., paid
20 invoice for work order) rather than re-inspection. Health and safety deficiencies must be
21 corrected immediately, in accordance with §92.251. COUNTY must adopt a more
22 frequent inspection schedule for properties that have been found to have health and
23 safety deficiencies. The property owner must annually certify to the COUNTY that each
24 building and all HOME- assisted units in the project are suitable for occupancy, taking
25 into account State and local health, safety, and other applicable codes, ordinances, and
26 requirements, and the ongoing property standards established by the participating
27 jurisdiction to meet the requirements of §92.251. Inspections must be based on a
28

1 statistically valid sample of units appropriate for the size of the HOME-Assisted project,
2 as set forth by HUD through notice. For projects with one-to-four HOME-Assisted
3 Units, COUNTY must inspect 100 percent of the HOME-Assisted Units and the
4 inspectable items (site, building exterior, building systems, and common areas) for each
5 building housing HOME-assisted units.

6 20) ACCESS TO PROJECT SITE. Representatives of the COUNTY and HUD shall
7 have the right of access to the Property, upon 24 hours' written notice to Camp Anza, L.P.
8 (except in the case of an emergency, in which case COUNTY and/or HUD shall provide such
9 notice as may be practical under the circumstances), without charges or fees, during normal
10 business hours to review the operation of the Project in accordance with this Covenant and the
11 Agreement.

12 21) COUNTERPARTS. This Covenant may be signed by the different parties hereto
13 in counterparts, each of which shall be an original, but all of which together shall constitute one
14 and the same agreement.

15 22) This Covenant and the Agreement set forth and contain the entire understanding
16 and agreement of the parties hereto. There are no oral or written representations,
17 understandings, or ancillary covenants, undertakings or agreements, which are not contained or
18 expressly referred to within this Covenant, and the Agreement, including all amendments and
19 modifications to the Agreement.

20
21 ///

22 ///

23 [remainder of page intentionally blank]
24
25

26 (SIGNATURES ON THE NEXT PAGE)
27
28

1 IN WITNESS WHEREOF, COUNTY and Camp Anza, L.P. have executed this Covenant as of
2 the dates written below.

3
4 COUNTY:

5 County of Riverside, a political
6 Subdivision of the State of California

Camp Anza, L.P.,
a California limited partnership

7 By: 
8 Jeff Stone, Chairman
9 Board of Supervisors

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corp.,
its Managing General Partner

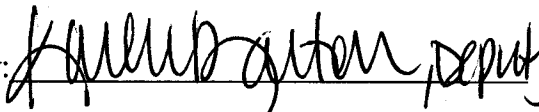
10 Date: NOV 04 2014

By: _____
Larry Haynes, Executive Director

11 Date: _____

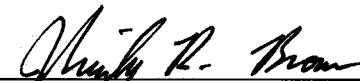
12
13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board


By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co- General Partner

16 By: 
17 Kellie Gitter, Deputy

By: Wakeland Housing and Development Corp.,
a California nonprofit public benefit corp.,
its Sole Member and Manager

18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel
22 Clerk of the Board

23 By: 
24 Jhaila R. Brown, Deputy County Counsel

By: 
Kenneth L. Sauder, President/CEO

25 Date: October 17, 2014

26
27 (Signatures need to be notarized)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

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§
}

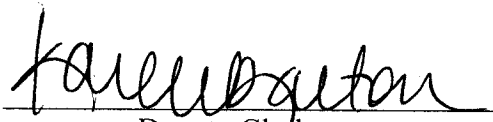
On November 4, 2014, before me, Karen Barton, Board Assistant, personally appeared Jeff Stone, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:


Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

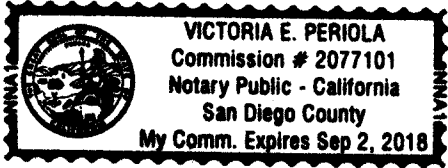
STATE OF CALIFORNIA }
COUNTY OF San Diego }

On Oct. 17, 2014, before me, Victoria E. Periola, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Kenneth L. Sauder
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature Victoria E. Periola
Signature of Notary Public

W. CONNOR BRUCE, JR. 1918
S. 1000 S. 10th St.
S. 1000 S. 10th St.
S. 1000 S. 10th St.
S. 1000 S. 10th St.



1 IN WITNESS WHEREOF, COUNTY and Camp Anza, L.P. have executed this Covenant as of
2 the dates written below.

3
4 COUNTY:


5 County of Riverside, a political
6 Subdivision of the State of California

Camp Anza, L.P.,
a California limited partnership

7 By: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: Mercy House CHDO, Inc.,
a California nonprofit public benefit corp.,
its Managing General Partner

10 Date: _____

By:  _____
Larry Haynes, Executive Director

11
12 Date: 10/20/14

13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board

By: Wakeland Camp Anza, LLC,
a California limited liability company,
its Co- General Partner

16 By: _____

By: Wakeland Housing and Development Corp.,
a California nonprofit public benefit corp.,
its Sole Member and Manager

17
18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel
22 Clerk of the Board

23 By: _____
24 Jhaila R. Brow, Deputy County Counsel

By: _____
Kenneth L. Sauder, President/CEO

25
26 Date: _____

27 (Signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Orange }

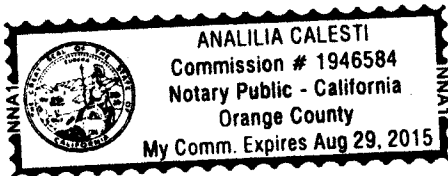
On October 20, 2014, before me, Analilia Calesti - Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Larry Haynes
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature Analilia Calesti
Signature of Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Parcel 1

Lot 111 Together with Lots 112 through 116 of Camp Anza Subdivision No. 1 as shown by map on file in Book 22, Pages 81 and 82 of Maps, records of Riverside County, California:

Excepting therefrom the southerly 20.00 feet of said Lot 111 of Camp Anza Subdivision No. 1

APN: 151-123-015

EXHIBIT "H"

Request for Notice

U.S. Bank National Association
Housing Authority of the City of Riverside
City of Riverside

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____ and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Camp Anza, L.P., a California Limited Partnership, as Trustor in which U.S. Bank National Association is named as Beneficiary, and _____ as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel 1

Lot 111 Together with Lots 112 through 116 of Camp Anza Subdivision No. 1 as shown by map on file in Book 22, Pages 81 and 82 of Maps, records of Riverside County, California:

Excepting therefrom the southerly 20.00 feet of said Lot 111 of Camp Anza Subdivision No. 1

APN: 151-123-015

All notices to be mailed to Riverside County EDA, Housing Division at 5555 Arlington Avenue, Riverside, California 92504.

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust
NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } S.S.

On _____, before me, _____
a Notary Public, personally appeared Tom Fan who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature _____

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

Tom Fan, Principal Development Specialist

(This area for official notarial seal)

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____ and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Camp Anza, L.P., a California Limited Partnership, as Trustor in which Housing Authority of the City of Riverside is named as Beneficiary, and First American Title, located at 3400 Central Avenue, Suite 100, Riverside CA 92506 as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

Parcel 1

Lot 111 Together with Lots 112 through 116 of Camp Anza Subdivision No. 1 as shown by map on file in Book 22, Pages 81 and 82 of Maps, records of Riverside County, California:

Excepting therefrom the southerly 20.00 feet of said Lot 111 of Camp Anza Subdivision No. 1

APN: 151-123-015

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Dated _____

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } S.S.

Tom Fan, Principal Development Specialist

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satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California
that the foregoing paragraph is true and correct.

(This area for official notarial seal)

WITNESS my hand and official seal

Signature _____

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

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Signature _____

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

Tom Fan, Principal Development Specialist

(This area for official notarial seal)



Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/portal/public/SAM/>
- STEP 2: Under "Search Records", enter the company name and press enter.
- STEP 3: Click "Print" on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

DEVELOPER SIGNATURE